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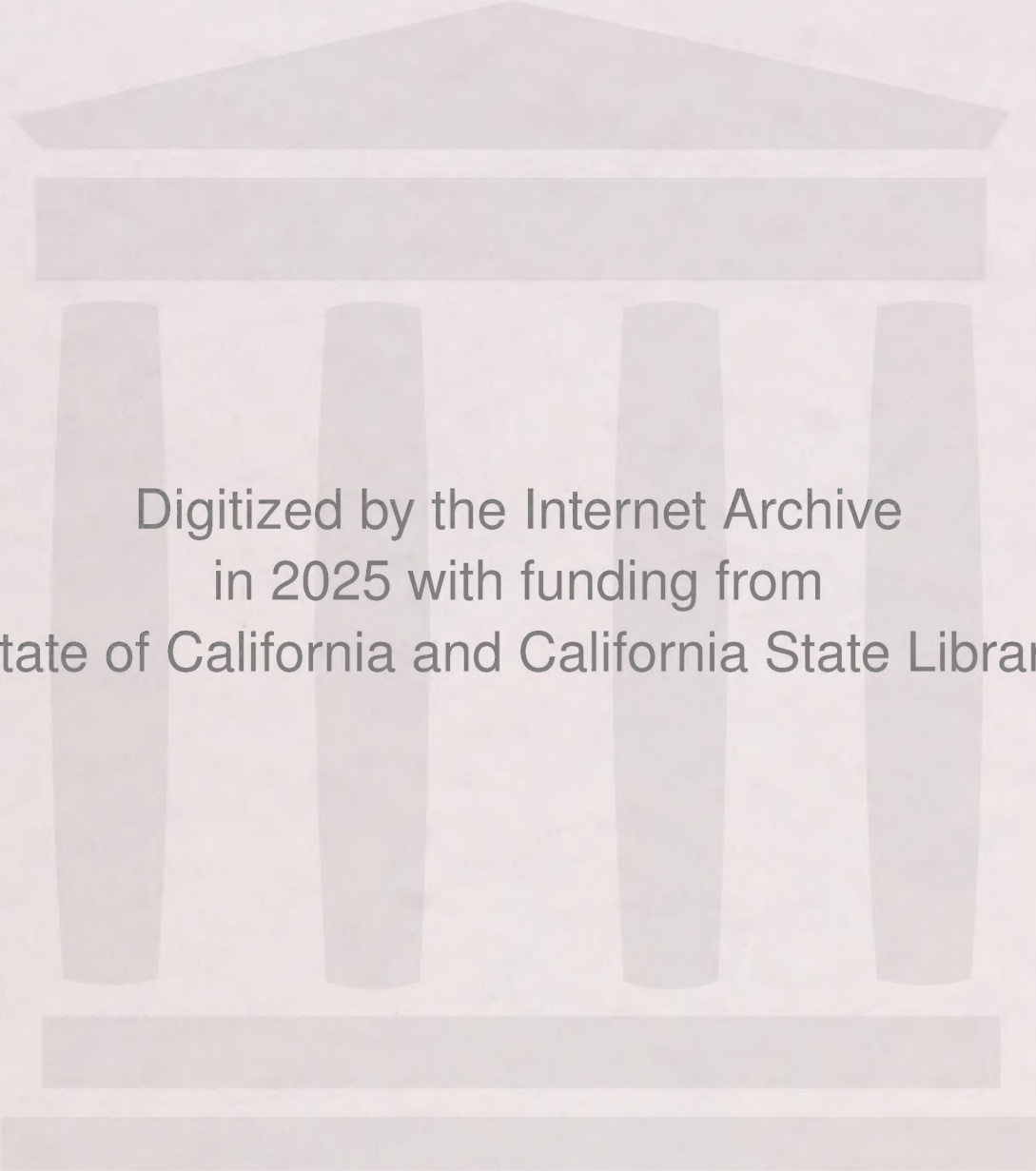
UNIVERSITY OF CALIFORNIA

CHAPTER THREE

Housing Element



One of Chico's Older Residential Neighborhoods



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CHAPTER III HOUSING ELEMENT

A. INTRODUCTION

In planning for the provision of housing for all present and future Chico residents, the City's primary goal is to provide for a variety of housing types in an atmosphere conducive to the well-being of City residents, and particularly to provide for an adequate supply of housing ranging in cost to meet the demands of students, low and moderate income persons, the special needs of the elderly and disabled, and to provide an opportunity for first-time home buyers. The City's objective must be pursued within the constraints of today's housing market. Factors such as building costs, mortgage interest rates, preservation and conservation of natural resources, provision of sanitary sewers, storm drainage and streets, the provision of other public services such as police and fire protection, school facilities and parks, concern for design, preservation of neighborhoods and historical structures and districts, as well as concern for energy conservation within housing units, all combine to make planning for future housing needs a complex and difficult task. These factors must all be considered in concert with one another. No single item can be emphasized at the expense of another if Chico is to pursue a balanced and realistic approach to the provision of housing for current and future Chico residents.

1. COMMUNITY PARTICIPATION

In March 1991, the City Council appointed a 14 member technical advisory committee (TAC) to review the existing Housing Element and conduct technical studies necessary to update the element, in accordance with State Housing Law. The TAC membership included individuals from both the public and private sectors representing housing interests. Assisted by the City Housing Office and Planning Division staff, the TAC met monthly to evaluate the success of existing programs, determine current housing needs and develop housing programs designed to meet those needs.

Following release of the 1990 Census income and employment data in May 1992, the TAC completed the draft of the Housing Element update designed to address Chico's housing needs to July 1, 1997. The adoption process included Planning Commission and City Council public hearings and Housing and Community Development review and approval.

2 SUMMARY OF FINDINGS

a. Population

The City of Chico population increased from 26,603 in 1980 to 40,079 in 1990, which is a 51% rate of growth. The growth in the Urban Area was 24% during the same period (58,319 to 72,526). The City grew at a faster rate due to political decisions limiting development to larger parcels which can facilitate septic systems.

b. Age Characteristics

The City of Chico has a relatively young population with a median age of 24.6 years compared to the state median age of 31.5 years. The age group 15-24 years accounts for 35% of the City's population and 27% in the Urban Area. The presence of the California State University and the Community College are the primary reasons for this situation.

c. Ethnic Population

The City's population is predominantly white with only 11% of the population identified as non-white. The ethnic composition of the City and Urban Area has remained constant over the last ten years except for the Asian and Pacific Islander group which increased from 355 persons in 1980 to 1,602 persons in 1990 (a 351% increase).

d. Student Population

The student population is a significant group in the City and the Urban Area. The 1990 Census reports that between the California State University and the Community College, 14,500 students live in the City and 19,973 live in the Urban Area. The City defines the student population as persons between 18 and 24 years of age who have located in the Chico Urban Area to attend school. The housing needs of this group are different than the general population in that shared housing by unrelated individuals is the most common household type. In addition, it is very common for students to overpay (as a percent of income) for housing.

e. Tenure

The City has an extremely low homeownership rate at 33%. The rate has declined since 1970. The 1990 Census reports that 47% of the City's housing stock is single family units and approximately 30% of the single family stock is rented. The rental market is a very mobile market evidenced by the fact that of the 21,000 households that reported they had moved into their unit after 1985, 75% were renters.

f. Affordability

The affordability in the rental market is summed up very distinctly by the 1990 Census reporting that for the 9,789 renter households earning less than \$20,000 (the median household income is \$19,095) 6,926 (71%) were paying more than 35% of their income for rent. For the 4,583 very low income households, earning less than \$10,000, the number paying more than 35% of their income for rent was 3,984 (87%). The application of the overpayment to single family mortgages is less direct because of the tax advantages of mortgage interest. For the very low income category, 371 (49%) out of 756 households were paying more than 35% of their income on a mortgage. For the group between 50% of the median and the median, the percentage paying over 35% was 32%.

g. New Unit Construction

Single Family

The construction of single family units has been increasing at a relatively constant pace since 1980. Variations occurred in response to interest rate fluctuation and other market changes. A total of 1,726 single family units were built during the period 1981 to 1991.

Multi-Family

The new construction of multi-family units has fluctuated dramatically. During 1990 only 123 units were constructed. In 1991 849 units were built. The 1991 production caused the multi-family vacancy rate to rise from 2% to 6%. Multi-family construction is more dependent on the economy than single family construction. Currently builders are unable to secure construction financing and very little multi-family construction is expected until the recession ends. This could result in the vacancy rate falling again.

h. Below Market Housing Production

Single Family

The City has worked with the local nonprofit housing agency to produce affordable home purchase opportunities for lower income families through self-help housing programs. Unfortunately the number of units is small, only 20 per year on average during the last three years. The private sector is still unable to build single family homes for less than \$110,000, except in very limited numbers. The average price for the entry level market is between \$115,000 and \$135,000. The future ability to produce affordable single family homes is a definite goal and the City is pursuing a variety of techniques to assist the developers.

Multi-Family

The ability to produce affordable rental housing varies by the targeted rent levels. The private market is able to produce rental housing affordable to households earning above 80% of the median income. Many of the existing rental units are affordable to households earning over 70% of the median income and this

could continue if the vacancy rate remains at or above 5%. The strong unmet need is for units affordable to households earning 50% or less of the local median income. To produce units for this group, federal and/or state housing program assistance is a necessity. The City's resources are simply not sufficient. The trend is to reduce the level of funding available at the State and Federal level which will reduce the City's ability to target the very low income households.

I. Regional Housing Plan

All the characteristics mentioned above come together in the Regional Housing Allocation Plan for the City. The Plan is produced by the Butte County Association of Governments and is for the period 1991-1997. The Plan projects housing unit production needs and distributes the need by four income levels. The Plan for the City is:

	<u>Very Low</u>	<u>Lower</u>	<u>Moderate</u>	<u>Above Moderate</u>	<u>Total</u>
Goal 1991-1997	1,033	771	872	1,485	4,161
Annual Goal	148	110	125	212	595

The City is attempting to increase the homeownership rate from the current 33% to 40% by 1997. Based on this goal, the quantified objectives by tenure are:

	<u>Very Low</u>	<u>Lower</u>	<u>Moderate</u>	<u>Above Moderate</u>	<u>Total</u>
	<u>Rent/Own</u>	<u>Rent/Own</u>	<u>Rent/Own</u>	<u>Rent/Own</u>	<u>Rent/Own</u>
1991-1997	1,033/0	694/77	610/262	149/1,336	2,486/1,675
Annual	148/0	99/11	87/38	21/191	355/239

As mentioned above, the ability of the City to meet these goals is a function of local efforts through the programs detailed in this element, the performance of the local, state, and federal economies, and the commitment of the state and federal governments to provide additional financial resources for the lower and very low income households.

B. HOUSING NEEDS

1. POPULATION CHARACTERISTICS

a. Population Trends

Population levels and projections are summarized in Table 3.1. Population figures for 1980 and 1990 are based on U.S. Census data, while for other years, State Department of Finance estimates or special census results are reported. Projected population is given for three areas: the City, the Chico Urban Area and the entire County, and at three growth rates. The most significant figures are those projecting growth for the Chico Urban Area, which, even at a 2% rate of growth, predict a growth of nearly 35% between 1990 and 2005. Within the City limits Chico's population growth between 1970 and 1980 was 35%. Between 1980 and 1990 it increased by 51%. For the twenty year period, this growth very nearly equals an annual growth rate of 3.7%, resulting in more than doubling of the City population during this time.

The majority of growth in the Chico Urban Area is likely to result from immigration. Natural population increase (births minus deaths) will have a significant effect. For the ten-year period, 1990 through 2000, natural population increase is projected at 5,900 persons while total population increase is projected at 16,456. Natural increase accounts for 36% of the total increase. Net migration will account for growth of approximately 1,000 persons per year or 64%.

Historically, annexation has added only, on average, 50 dwellings per year during the 1980's. However, in light of a State mandate that all residential units currently using septic systems connect to the City sanitary sewer system by 1996, annexation could significantly increase the City's population during the term of the Housing Element.

b. Age Characteristics

Table 3.2 reports the age characteristics of the City of Chico and Chico Urban Area population. Due to the influence of the large student population within the City limits, the median age is 24.6 years (state-wide median age is 31.5 years and for Butte County, 33.8 years). The age group "15-24 years" accounts for 35% of the City's population, in contrast to 27% and 17% in the Urban Area and County, respectively. Persons over 65 years account for 9% of the City population, 11% of the Urban Area population, and 17% of the County population.

Table 3.1
POPULATION GROWTH TRENDS
Historical Growth Trends

Year	City of Chico	Chico Urban Area*	Butte County
1970	19,580	43,682	101,969
1980	26,603	58,319	143,851
1985	31,292	66,000	160,970
1986	32,491	--	164,002
1987	33,629	--	167,113
1988	35,399	--	172,363
1989	37,539	--	176,738
1990	40,079	72,526	182,120

POPULATION GROWTH PROJECTIONS**
Chico Urban Area Growth Rates

Year	2%	2.5%	3%
1990	72,526	72,526	72,526
1995	80,075	82,057	84,078
2000	88,409	92,839	97,469
2005	97,610	105,039	112,993

Butte County Growth Rates

Year	2%	2.5%	3%
1990	182,120	182,120	182,120
1995	201,075	206,052	211,127
2000	222,003	233,129	244,754
2005	245,109	263,764	283,737

Sources:

1970,1980, 1990- Census, February 1992

All Others Through 1989 - State of California Department of Finance Estimates

*The Chico Urban Area includes the City of Chico and all unincorporated property within the Chico Sphere of Influence

**Growth rates reflect ranges which are consistent with historical patterns.

Table 3.2

AGE CHARACTERISTICS 1990

	City of Chico		Chico Urban Area		Total Butte County	
	number	percent of total	number	percent of total	number	percent of total
Total Persons	40,079	100%	72,526	100%	182,120	100%
Under 5 Years	2,309	6%	4,695	6%	12,336	7%
5-9 Years	2,283	6%	4,720	7%	13,073	7%
10-14 Years	1,773	4%	3,848	5%	11,389	6%
15-19 Years	4,113	10%	6,037	8%	12,549	7%
20-24 Years	10,271	26%	13,835	19%	18,644	10%
25-34 Years	7,166	18%	12,816	18%	26,361	15%
35-44 Years	5,085	13%	9,934	14%	25,286	14%
45-54 Years	1,984	5%	5,058	7%	15,798	9%
55-64 Years	1,494	4%	3,850	5%	15,248	8%
65-74 Years	1,846	5%	4,165	6%	18,324	10%
75 Years & Over	1,755	4%	3,568	5%	13,112	7%

Source: 1990 Census, February 1992

Different segments of the population may have varying housing needs. In the next sections, the needs of specific groups will be addressed.

c. Ethnic Population

The ethnic characteristics of the Chico Urban Area population are summarized in Table 3.3. Approximately 11% of the City of Chico population is identified as non-white, while for the total Urban Area that figure is 9%. The minority population identified as "Hispanic origin" comprises about 8.7% of the Chico population and 7.8% of the Urban Area population (compared to 7.5% for the entire county). Ethnic groups do not appear to be concentrated in any single neighborhood(s), but do appear to be concentrated in neighborhoods reflected by census tracts with lower median incomes. Total ethnic population, including nonwhite and white-Spanish origin, accounts for 15% (6,135 persons) of the Chico population, 14% (10,067) of the Urban Area population and 13% (23,818) of the County population.

Table 3.3
ETHNIC CHARACTERISTICS

	TOTAL PERSONS					
	City of Chico		Chico Urban Area		Total Butte County	
	number	percent of total	number	percent of total	number	percent of total
Total Persons	40,079	100%	73,433	100%	182,120	100%
White	35,858	89%	66,844	91%	165,200	91%
Black	731	2%	1,123	2%	2,361	1%
American Indian Eskimo & Aleut	439	1%	837	1%	3,241	2%
Asian & Pacific Islander	1,602	4%	2,325	3%	5,170	3%
Other Races	1,449	4%	2,304	3%	6,148	3%
Hispanic Origin(1)	3,484	9%	5,697	8%	13,606	7.5%

(1)1990 Census did not classify Hispanic Origin in a separate category. Persons of Hispanic Origin may be of any race.

Source: 1990 Census, February 1992

d. Student Population

According to the 1990 Census there were 19,578 students in the Greater Chico Area who were enrolled in college (California State University, Chico or Butte Community College). 73% (14,356) of these students live within the City of Chico. Students represent 36% of the City population, 25.5% of the Chico Urban Area population. Table 3.4 summarizes growth in enrollment at California State University, Chico since 1960 and identifies the rate of the growth over the period.

Table 3.4
CSUC ENROLLMENT

Year	Full-Time Equivalent	Actual Enrollment	% Actual Enrollment Growth Over Previous 5 Years
1970	9,661	10,108	43%
1975	11,875	13,138	23%
1980	12,557	13,873	5%
1985	13,018	14,667	4%
1990	14,437	16,641	14%

Source: California State University, Chico

Butte Community College is located approximately 10 miles southeast of Chico in Butte County. Butte College recorded an enrollment of approximately 12,910 during the Spring 1991 semester. Due to factors including students residing throughout Butte County and surrounding counties, the number of students residing at home, and the number of part time students, this student enrollment has a significantly smaller impact on Chico housing needs. If tuition costs at CSUC continue to increase and enrollment remains fixed or decreases due to budget constraints, more students may choose to move to the Urban Area to attend Butte College before transferring to CSUC or other four year colleges.

e. Disabled Population

Housing needs of the disabled can be classified using three categories:

1. Disabled, requiring institutional or group care facility housing. The 1990 Census identified 729 persons within the City of Chico living in institutional housing. For the Chico Urban Area there were 787 persons or 1.1% of the total population.

Table 3.5
PERSONS LIVING IN INSTITUTIONAL HOUSING

	<u>City of Chico</u>	<u>Chico Urban Area</u>
Nursing Homes	658	716
Mental Hospitals	8	8
Other Institutions	<u>63</u>	<u>63</u>
TOTAL	729	787

Source: 1990 Census, April 1992

2. Disabled persons without a need for special adaptation of housing. The number of people in this category is unknown. Since housing needs for this group are not specific to their disability, other programs/policies of the City address their divergent needs.

3. Disabled persons whose disability requires housing to be constructed and/or modified specifically to meet their needs. The number of persons needing housing in this category is unknown. The 1990 Census identified 5,549 persons in the Greater Chico Area as having mobility limitations (7.3% of the population). The City provides programs to meet the needs of this group through its "Barrier Free" housing programs and through its housing rehabilitation program.

In addition to the City's housing programs, Title 25 of the California Administrative Code requires all new multifamily residential construction to provide a minimum 5 percent of the total units as handicap accessible and all first floor units as handicap available. Accessible units conform to all handicap standards, including door and restroom hardware, hallway and door clearances and access. Adaptable units meet similar requirements except that door and restroom hardware is not required, but units must be constructed to allow for installation of such hardware.

Other disabled include those persons with Acquired Immune Deficiency Syndrome (AIDS). Current information on the number of AIDS patients in the Chico area is not available. Information is only available for Butte County as a whole. According to the Butte County Public Health Department, there were 65 reported cases of AIDS in Butte County in 1991. Housing needs of this group progress from subsidized existing housing in the initial stages of the disease, to need for long-term terminal care facility placement at the critical stages of the disease. Due to increased public awareness, more accurate information on the number of AIDS patients in the Chico area should become available in the future.

f. Homeless Population

The homeless can be identified in one of three primary categories. The first consists of transients who do not have a permanent residence and are in need of shelter while they are temporarily in the area. The second category includes those persons who are in transit but became stranded in the area due to an emergency (automobile breakdown, illness, etc.) and require housing until they can rectify their problem and resume their trip. The final group consists of those persons who are residents of the community but have been displaced from their housing by fire, eviction, or other action. This group requires housing for the period it takes to secure alternate permanent housing. The 1990 Census identified 127 homeless within the Chico Urban Area. The National Guard Armory located at the Silver Dollar Fairgrounds houses homeless persons during the winter months in Chico when temperatures drop below 40°F and on rainy days when temperatures dip below 50°F. The local Salvation Army operates this facility and indicates that between 30 to 40 persons are served each day the shelter is open.

g. Employment Trends

The 1990 Census reported employment characteristics for the Chico Urban Area. Of the total labor force of 38,551 less than 4% were employed in agriculture or forestry. 13% were employed in industrial/manufacturing positions (down 2% from 1980), 33% were employed in executive/professional categories. Unemployment during the 1980's has declined steadily from an average annual high of 10 percent in 1980 to 7.9 percent in 1989 for the Chico Urban Area. The City of Chico experienced an unemployment rate of 9.2% in 1989. Table 3.6 summarizes the occupational characteristics reported in the 1990 Census.

Over the last decade, employment has increased by 9,578 positions. The State of California Employment Development Department forecasts job growth at 1.7% or approximately 550 new jobs per year in the Chico Urban Area through 1993.

As projected population increases (minimum of 2%) are significantly greater than projected employment increases, employment gains would not result in a notable increase in housing demand over that expected through population increases. However, it is possible that the demand for lower cost housing will increase, reflecting the difference between population and employment increases, the preponderance of new jobs in the retail trade and sales sectors, and likely correspondence to decreased household income.

Should a major new employer locate in the community (250+ jobs), it is likely that an impact on housing would result. Such an impact would likely be evidenced by a short term decrease in vacancy rates and a long term market response.

Table 3.6
OCCUPATIONAL CHARACTERISTICS

Occupation	City of Chico		Chico Urban Area		Total Butte County	
	number	percent of total	number	percent of total	number	percent of total
Executive, Administrative, Managerial	1745	9.5%	3982	11.2%	6518	8.9%
Professional Specialty	3164	17.1%	6623	18.6%	9006	12.3%
Technician & Related Support	585	3.2%	1188	3.3%	1762	2.4%
Sales	2649	14.4%	4821	13.6%	8565	11.7%
Administrative Support, Including Clerical	3024	16.4%	5532	15.6%	10,104	13.8%
Private Household	131	.8%	306	.9%	445	.6%
Protective Service	282	1.6%	426	1.2%	957	1.3%
Service, Except Protective Service & Household	2992	16.2%	4850	13.6%	9226	12.6%
Farming, Forestry, & Fishing	571	3.1%	1263	3.6%	4323	5.9%
Precision Production, Craft & Repair Services	1644	9%	3322	9.3%	8348	11.4%
Machine Operators, Assemblers & Inspectors	654	3.6%	1453	4.1%	8787	12.0%
Transportation & Material Moving	377	2.1%	833	2.3%	2786	3.8%
Handlers, Equipment Cleaners, Helpers & Laborers	541	3%	955	2.7%	2347	3.2%
Total Employed Persons over 16	18,488		35,602		73,174	
Total Persons in Work Force Over 16	20,350		38,551		79,193	
Unemployed	1,862	9.2%	2,949	7.7%	6,019	7.6%

Source: 1990 Census, May 1992

2 HOUSEHOLD CHARACTERISTICS

a. Household Population

The combination of population and housing data provides the basic statistics necessary to examine the characteristics of households in the Chico Urban Area. That basic information is contained in Table 3.7 as reported by the Census in 1980 and 1990, and projected for the year 2000.

Table 3.7
BASIC HOUSEHOLD CHARACTERISTICS

	1980 (Census)		1990 (Census)		2000 (Est.) ³	
	City	Urban Area ¹	City	Urban Area	City	Urban Area
Total Population	26,603	58,319	40,079	72,526	53,863	92,839
Persons in Household	24,141	55,712	36,980	69,331	49,698	88,750
Persons In Other ²	2,462	2,607	3,099	3,195	4,165	4,090
Housing Units	11,086	24,716	16,295	30,063	21,899	38,483
Households	10,533	23,362	15,508	28,853	19,073	36,934
Persons Per Household	2.29	2.38	2.38	2.40	2.38	2.40
Vacancy Factor (%)	4.98%	5.30%	5.15%	3.34%	5.00%	5.00%

¹ Urban area includes total of City and unincorporated areas within City of Chico Sphere of Influence

² Includes group quarters and institutions.

³ Assumes a 2.5 percent Urban Area growth rate and a 3 percent growth rate for the City. The affect of annexation on the year 2000 figures for the City have not been estimated.

Source: 1980 and 1990 Census, Department of Finance Estimates.

Household characteristics also include much more than the basic statistics presented above. It is that information the following section presents. An examination of these additional household characteristics can result in the identification of special housing needs and conditions which require separate consideration.

b. Household Composition

Household composition identifies whether the household consists of related members or not. Because of the significant differences in household composition between the City of Chico and the unincorporated area of Chico, the data is presented separately. As table 3.8 demonstrates, the City of Chico has a larger proportion of non-family households as compared to the unincorporated area.

Table 3.8
CHICO URBAN AREA HOUSEHOLD COMPOSITION (1990)

	City of Chico	Unincorporated	Urban Area
Total Persons	40,079	32,447	72,526
In Households	36,980	32,351	69,331
Heads of Household	15,508	13,345	28,853
Family Households	7,060	8,197	15,257
Non-Family Households	8,448	5,148	13,596
Persons in Group Quarters	3,099	96	3,195
Median Household Size	2.38	2.42	2.40

Source: 1990 Census, February 1992

c. Household Income

Table 3.9 presents income characteristics for the City of Chico and the Chico Urban Area. The City's income profile is skewed to lower levels. This characteristic is commonly attributed to the large number of student households with low household incomes, although specific statistical data to support this position is not currently available.

Table 3.9
INCOME

	City of Chico		Chico Urban Area	
	number	percent of total	number	percent of total
Total Households	15,481	100%	30,285	100%
Less Than \$5,000	1,395	9%	2,133	7%
\$5,000 - \$9,999	2,507	16.2%	4,174	13.8%
\$10,000 - \$14,999	2,287	14.8%	3,761	12.4%
\$15,000 - \$19,999	1,858	12%	3,415	11.3%
\$20,000 - \$24,999	1,453	9.4%	2,838	9.4%
\$25,000 - \$34,999	2,159	14%	4,641	15.3%
\$35,000 - \$49,999	1,954	12.6%	4,472	14.8%
\$50,000 - \$74,999	1,233	8%	3,090	10.2%
\$75,000 - or more	635	4%	1,761	5.8%
Median Income, City of Chico = \$19,005		Median Income CUA = \$22,449		

Source: 1990 Census, May 1992

d. Households With Elderly

An elderly household, for the purpose of this report, is defined as a household with one or more person 65 years of age or over. Elderly persons may be in need of special housing considerations due to fixed incomes, disability, or lack of mobility. In the Chico Urban Area 5,160 households (17.9%) include at least one person over the age of 65 years (7,733 persons). Of the total elderly population, 7,006 live in 4,879 households and the remaining 727 are occupants of group facilities. Although the elderly only make up 9% of the City of Chico population, because of the high incidence of single-person households, within

the Chico City limits there are 2,211 elderly households which represent 14% of all households. In the Urban Area 10.6% of the population (consisting of elderly) make up almost 18% of the households.

Table 3.10
ELDERLY HOUSEHOLDS

	<u>City of Chico</u>		<u>Chico Urban Area</u>	
Total Population	40,079	100%	72,526	100%
Elderly Population	3,612	9%	7,733	10.6%
Total Households	15,508	100%	28,853	100%
Elderly Households	2,211	14%	5,160	17.9%
Elderly in Group Homes	670	1.7%	727	1%

Source: 1990 Census , February 1992

The incidence of homeownership is relatively greater among the elderly.

OWNERS: 65% (1344 hshlds)

RENTERS: 35% (709 hshlds)

The City's housing rehabilitation program is designed to help elderly homeowners remain in their homes as long as their independence allows.

e. Single-Headed Households

According to the 1990 Census, in the Chico Urban Area there are 2,695 households with a single-head of household and children under 18 years of age residing in the household. This represents 9.3% of all households in the area. 1,497 of these households were located within the City limits, accounting for 9.7% of all City households. The majority of these households are headed by women, but 19% (519) are headed by men.

There fore , the greatest need is experienced by female headed households with children. This is further evidenced by the recent trend in the Aid to Families With Dependent Children program (AFDC) case loads. The figures below are for Butte County but the trend is similar for Chico.

	1989	1990	1991
AFDC TOTAL	17,620	18,936	19,850
ADULTS	6,381	6,772	7,032
CHILDRN	11,239	12,164	12,818

The rate of growth in AFDC cases exceeds the overall population growth rate. The reduction in benefits from State budget policy is creating an even greater hardship for these families.

The best housing assistance format for single female headed households is the Section 8 Rental Assistance program. The program insures that the family will only pay 30% of their income on housing expenses. The Butte County Housing Authority competes for Section 8 Vouchers and Certificates each year and approximately 35% are used in Chico .

Table 3.11
SINGLE-HEADED HOUSEHOLDS

	<u>City of Chico</u>	<u>Chico Urban Area</u>
Total Households	15,508	28,853
Single Headed Households	1,497	2,695----- (9.3%)
Single Female	1,232	2,176
Single Male	265	519

Source: 1990 Census , February 1992

In 1990, the mean income for a Single Female-Head Households (SFHH) was \$29,144 (CUA) (\$33,654 City). 39% of all SFHH have incomes below poverty level in the CUA (44% for the City of Chico). There is a significant difference in income levels for SFHH without children and those with children. For SFHH with children the mean income was \$15,765 (54% of the income of SFHH without children) for the CUA and \$13,590 (40% of the income of SFHH without children) in the City of Chico.

For Single Male-Head Households (SMHH), the income gap between those households having children or not was significantly less (\$3,000 in the CUA; \$7,000 in the City). 18% of SMHH have incomes below the poverty level in the CUA (27.5% in the City).

f. Farmworker Households

The majority of agricultural crops in the Chico area are low labor intensive production, such as rice and almonds. It is estimated that there are fewer than 100 farmworker households within the City limits. Currently 47 housing units are provided specifically for occupancy by farmworkers. The number of farmworker households in Chico is not expected to increase and may decline in response to a general weakening of agriculture in the area and increased housing opportunities in the more agriculturally oriented surrounding communities (Gridley, Hamilton City, Orland, Corning).

g. Large Family Households

Within the City of Chico 6.5% of all households (a total of 1,002 households) consist of 5 or more persons. 869 of these are family households (87%) and 133 are nonfamily households. (13%) The Chico Urban Area is of similar composition, with 6.8% of all households (1,953) consisting of 5 or more persons.

Table 3.12
LARGE FAMILY HOUSEHOLDS

	<u>City of Chico</u>		<u>Chico Urban Area</u>	
Total Households	15,508	100%	28,853	100%
Total Household with 5 or more persons	1,002	6.5%	1,953	6.8%
Family Households with 5 or more persons	869	87%	1,787	92%
Non-Family Households with 5 or more persons	133	13%	166	8%

Source: 1990 Census , May 1992

Whereas large family households represent only 6.5% of all households their needs are significant. An insufficient number of 4 and 5 bedroom units leads to overcrowding situations. Tenure rates among large households reflect the City's overall tenure rate:

RENTERS	60%
OWNERS	40%

The Butte County Housing Authority has been receiving Section * rental assistance for larger households. The City recently provided financial assistance to a subsidized rental project that contained 3 and 4 bedroom units. Affordable homeownership is more difficult to achieve. .

The incidence of large households is significantly less in Chico compared with 14.3% of households statewide. Based on statistics relating to overcrowding and size of housing units, it does not appear that large households are experiencing difficulty in obtaining adequate housing.

h. Overcrowding

Overcrowding is commonly defined as any household containing more than 1.00 persons per room. The 1990 Census reported 1,304 households where overcrowding existed (according to this definition) in the Chico Urban Area. This represents 4.5% of the households. Of these 734 (56%) were within the City limits, accounting for 4.7% of the City's households. These figures represent a significant increase from 1980 Census information. In both cases the increases are greater than 100%. Many of these units may be student occupied, having more than one person per room to reduce housing costs. The Urban Area and City figures indicate that overcrowded units are broadly distributed throughout the Urban Area .

To meet the needs of existing and projected larger households the City provides assistance to first time homebuyers Families with over 4 persons in the household are eligible for an additional \$1000 per household member in excess of four.

The City's housing rehabilitation program allows bedroom additions to meet the needs of a growing family or one that bought too small a home because it was all they could afford.

In conjunction with the policies of HCD and the State Tax Allocation Committee the City encourages multifamily projects with 3 and 4 bedrooms that serve large families.

3. HOUSING CHARACTERISTICS

a. Housing Development—Historic Trends

Table 3.13 provides a summary of the historical development of housing in the City. Within the incorporated limits, between 1980 and 1990, 5,213 housing units were added to the housing stock, for a total of 16,295 units. Of these 5,213 new units, 3,679 were located in multiple residential projects accounting for 71% of the increase. In 1980, multiple family units comprised 45% of all housing units, up from 30% in just a decade. By 1990 multiple family units made up more than 53% of the total housing in the City. It is worth noting that approximately 10% of the increase in housing units over the decade was attributable to the annexation of existing housing units.

Table 3.13
CITY OF CHICO
HOUSING DEVELOPMENT—HISTORIC TRENDS

Year	Total Units	Single Family Residences		Multi. Family Residential Units		Owner Occupied		Renter Occupied		Vacant
	number	number	% of total	number	% of total	number	% of total	number	% of total	% of total
1960	5,432	4,082	75%	1,350	25%	n/a	n/a	n/a	n/a	5.4%
1970	6,585	4,655	70%	1,930	30%	3,134	47.6%	3,147	47.8%	4.6%
1980	11,082	6,094	55%	4,988	45%	3,893	35.2%	6,630	59.8%	5.0%
1990	16,295	7,628	47%	8,667	53%	5,096	31.3%	10,412	63.9%	4.8%

Source: 1990 Census, February 1992

Table 3.14 contrasts housing characteristics between the City and the unincorporated area, and summarizes for the entire Urban Area. Housing units in the unincorporated area of Chico are more commonly single family residential with a significantly higher incidence of owner occupancy.

Table 3.14
CITY AND URBAN AREA
HOUSING TYPE AND OCCUPANCY (1990)

	Total Units	Single Family Residences		Multi Family Residential Units		Mobile Homes		Owner Occupied	
	number	number	% of total	number	% of total	number	% of total	number	% of total
City of Chico	16,295	7,628	47%	8,145	50%	303	2%	5,096	31.3%
Unincorporated Area	13,768	8,381	60%	3,790	27%	1,778	13%	7,484	54%
Chico Urban Area	30,063	16,009	53%	11,935	40%	2,081	7%	12,580	41.8%

Source: 1990 Census, February 1992

b. Occupancy Characteristics

Tables 3.13 and 3.14 include occupancy characteristics of Chico Urban Area housing. Table 3.13 reflects a decrease in the percentage of total housing units which are owner occupied. In 1980, 35.2% of all units within the City were owner occupied; by 1990 this figure had fallen to 31.3%. However, the percentage of owner occupied single family residences has remained fairly constant at 64% for 1980 and 67% for 1990. In the unincorporated area, the percentage of owner occupied residences is about 54% of the total units or 89% of the single family residences. For the total Urban Area, owner occupancy is 41.8%. While the share of housing units occupied by owners has shown a small loss, there was a net increase in the number of owner occupied housing units from 3,893 in 1980 to approximately 5,096 in the City in 1990.

c. New Unit Construction

Table 3.15 reflects the development of housing units for 1985 through the end of 1990 based on actual permits issued by the City of Chico. During the construction period detailed in the Table, housing units increased by 3,353 (12%) while the population increased by 8,800 (28%). These increases taken together reflect lower projected vacancy rates and larger average household size. A trend toward higher vacancy rates has occurred since 1990 as a large number of multiple-family units have reached completion.

Table 3.15
CITY AND URBAN AREA NEW CONSTRUCTION TRENDS

Year	City of Chico			Unincorporated Area			Urban Area Total
	Single Family	Multi Family	Total	Single Family	Multi Family	Total	
1985	108	479	587				
1986	196	452	648				
1987	102	188	290				
1988	212	305	517				
1989	244	546	790				
1990	246	123	369				
1991	298	849	1147				
FIVE YEAR CONSTRUCTION TOTAL (1985-1990)							
	1,406	2,942	4,348	300	150	450	4,798
UNITS EXISTING PRIOR TO 1985							
	6,706	6,686	13,392	10,153	3,568	13,721	27,113
TOTAL UNITS IN 1990 HOUSING INVENTORY							
	8,112	9,628	17,740	8,381	3,990	14,171	31,911

Source: Planning Division, Building Division, February 1992

Based on projected population growth for the Urban Area and household size, approximately 850 housing units must be added annually to the Chico Urban Area market to meet demand for increased growth, while retaining housing options. Historically, the market has been able to meet this demand only when a variety of conditions are favorable. However, for the period 1985 through 1990 the Housing Element projected that 800 additional units per year should be added within the City limits to meet the demand, and the market fell short of the projected demand with approximately 670 units per year constructed.

d. Vacancy Rate

The 1990 Census reported a vacancy rate of just below 5% for the City (787 units). Of these units 111 (14%) were for sale and 388 (49%) were for rent. Remaining units were rented or sold but not occupied or seasonal/recreational use. For the Chico Urban Area there was a 4% (1,210 unit) vacancy rate. The vacancy rate for the Chico Urban Area traditionally has been below 5%, which the housing industry considers an ideal rate. Table 3.16 presents the annual average multi-family vacancy rate for the period of 1987 to 1990 and the first 7 months of 1991. The relatively high vacancy rate in 1991 reflects the large number of new units built but not absorbed into the housing market. The Planning Office projects a return to historical vacancy rates as new units are integrated into the housing market.

Table 3.16

VACANCY RATE

Multi-Family Vacancy Rate (1987 to 1991)			
Year	Annual Average	High	Monthly Low
1987	2.65%	5.88%	.75%
1988	2.11%	6.67%	.40%
1989	1.51%	2.65%	.76%
1990	2.57%	4.71%	1.5%
1991	5.00%	7.00%	4.00%

Source: Housing Office, February 1991

e. Below Market Rate Housing

Below market rate housing is housing in which all or part of the costs are subsidized by the public sector so that housing is available to lower income households at more affordable costs. By HUD standards, an affordable unit's monthly cost does not exceed 30% of the household's income. Traditionally this figure has been 25%, but was raised to more accurately reflect current housing costs. However, financial institutions are using a figure of 30-35% of household income for housing costs (principal, interest, taxes and insurance) as a maximum loan threshold.

The rental market contains units that are reserved for lower and very low income households. These units are reserved because the project either received a financial subsidy at the time of construction or it receives an ongoing subsidy for assisting tenants with their rent. The methods of subsidy vary. In some projects, such as the Butte County Housing Authority (BCHA) assisted units, the rent is based on the individual tenant's income. The tenants do not pay more than 30% of their income for rent. In the other projects the rent levels are set in accordance with standards established by the State or Federal Government, such as HUD or HCD, and all tenants below a specific income level, such as 50% of the median income, pay the same rent. This method assures that units are available to very low and low income households, but the rent levels are not necessarily affordable. Households may pay more than 30% of their incomes in these situations, but still are better off than if paying market rate rents.

The current trend by State and Federal Housing Programs is away from the long term commitment of rental subsidies for new units, such as the Section 8 Program provides. Because of this, the maximum affordability benefit is produced by restricting the occupancy of the unit to households earning at or below a particular income level. HCD requires projects to set aside units for households earning less than 35% of the median income, in addition to the 50% and 80% categories.

There continues to be a need for subsidized/assisted units in the Chico housing market. If housing costs continue to rise faster than income, the need for assisted units will increase disproportionately as a segment of the housing market. Table 3.17 summarizes assisted units located within the Chico Urban Area by source of funding assistance.

Table 3.17

ASSISTED HOUSING PROJECTS

PROJECT		NO. OF UNITS
U. S. Housing Act of 1937		
Butte County Housing Authority:		
1.	Laurel/Locust Streets, 1519 Locust Street	3
2.	Humboldt Avenue (between Linden and Willow Streets)	14
3.	Natoma Court	32
4.	LaLeitaCourt	22
5.	Hazel/Ivy Street Complex	32
6.	E. 20th Street	36
7.	Ivy Street	9
Elderly Projects-HUD 231/Section 8 and Section 202:		
8.	Bidwell Oaks, 700 Salem Street	59
9.	Villa Rita, 650 Manzanita Avenue	59
10.	East Lindo, 1369 E. Lindo Avenue	20
11.	Chico Christian Retirement Center, 120 Parmac Road (Lucian Manor)	32
California Housing Finance Agency (CHFA):		
12.	Cinnamon Village, 1650 Forest Avenue	80
13.	Cedar Village, 820 W. 4th Avenue	116
14.	Turning Point Commons #1, 25 Via La Paz	66
HUD Assisted Multifamily Projects Section 236 and 221:		
15.	Trans Pacific Gardens #1, 725 Nord Avenue	104
16.	Trans Pacific Gardens #2, 729 Nord Avenue	164
17.	Little Chico Gardens, 851 Pomona Avenue	92
18.	Rio Lindo Apartments, 455 Rio Lindo Avenue	64
19.	Colony West, 1550 Springfield Drive	80
Mortgage Revenue Bonds:		
20.	Sycamore Glen, 1199 Diablo Avenue	40
21.	Ceres Plaza, 1459 E. Lassen Avenue	36
22.	Lakeview Apartments, 2581 California Park Drive	30
23.	Pinetree Apartments, 47 Cobblestone Drive	40
24.	Sierra Sunrise, Sierra Sunrise Terrace	25
State California, Department of Housing and Community Development/RHCP		
25.	East of Eaton, Lassen Avenue @ Eaton Road	76
Farmers Home Administration		
26.	La Vista Verde (Farmworker Housing)	33
27.	Section 8 Voucher Program/Mod Rehab.	579
Total		1943

Source: City of Chico Housing Office , April, 1992

Map 3.1
Assisted Housing Projects - Location Map

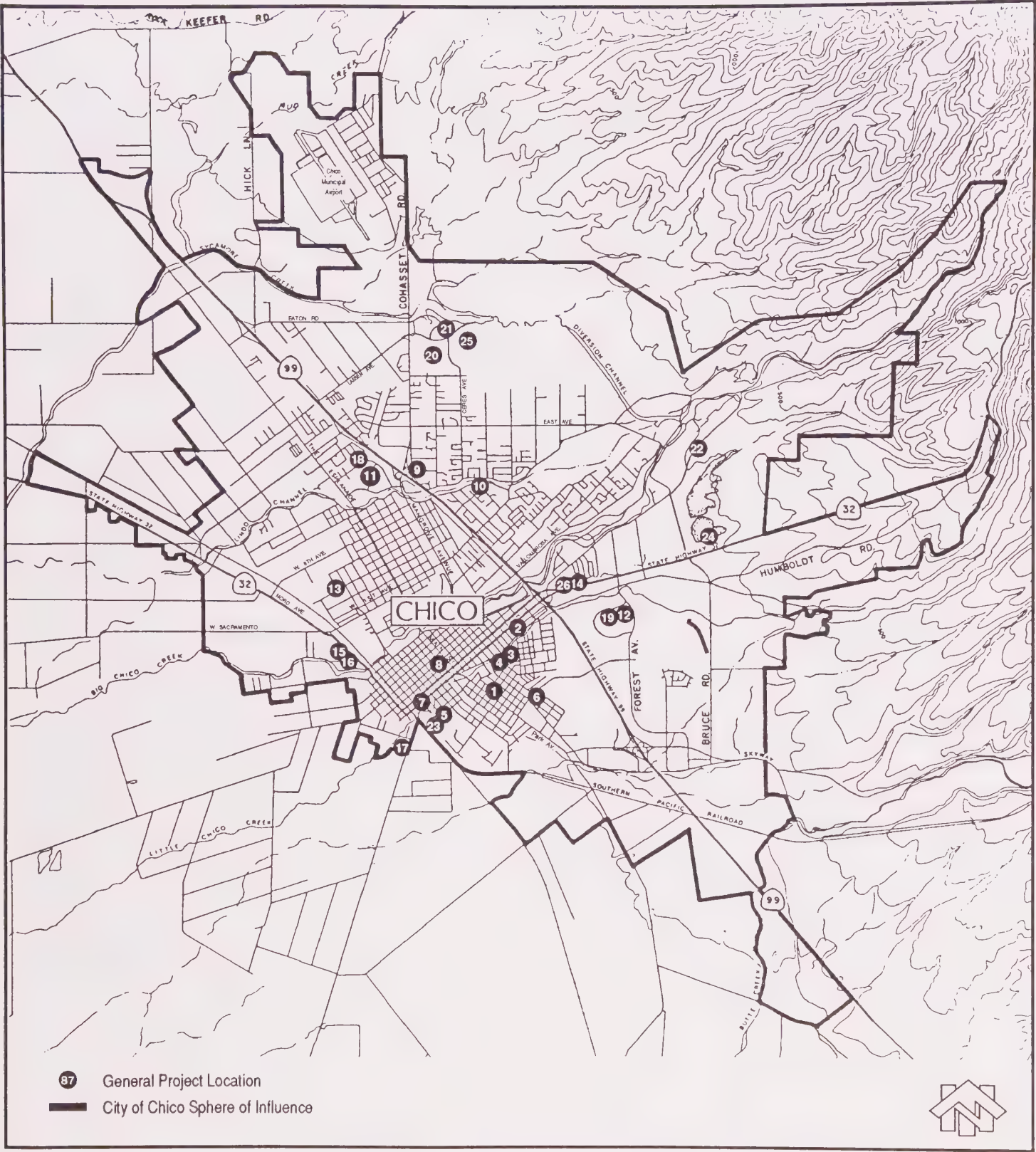


Table 3.17a lists the units that are AT RISK pursuant to the HCD definition in that they receive some form of governmental subsidy. As a condition of the subsidy, the project is required to provide the assistance for a specific period of time. Once the assistance period is met, the project could convert the units to market rate rent levels creating potential displacement problems for the assisted tenants.

Based on the information from Table 3.17a the following projects have assistance contracts for financing or rental assistance that may expire within the next ten years.

HUD ASSISTED PROJECTS:

1. Colony West:

The Section 8 contract was renewed for another five year period until 1996. Five years is the maximum extension period. The project is eligible for another 5 year extension under its current HAP contract. The City has no indication that the owners will not renew the rental assistance in 1996.

2. Bidwell Oaks:

The Section 8 contract was renewed for another five years until 1997. Under the current HAP contract this is the last renewal. The City is not certain whether HUD will provide another extension after 1997. The project received its financing assistance through the Section 231 program and is not eligible to prepay its mortgage. Therefore the owners would be required to continue the assisted rents without a Section 8 contract. It is this conflict which suggests to the City that HUD will continue the Section 8 assistance beyond 1997.

3. Transpacific Gardens 1:

The owners are eligible to apply to HUD for a revised assistance package or sell the project. As of August 1992, HUD has not been contacted by the owners.

4. Transpacific Gardens 2:

The owners have contacted HUD and a plan is being negotiated by the parties that will keep the units assisted for another 20 years.

Chart 3.1
ASSISTED HOUSING PROJECT INVENTORY OF AT RISK UNITS

																ASSISTANCE EXP DATE	
Project Name	ADDRESS	OWNER	TENANT TYPE	YEAR BUILT	TOTAL UNITS	BEDROOM MAX				SOURCE OF ASSISTANCE		ASSISTED UNITS		FINANCE	RENTAL		
						STD	1	2	3	4	FINANCING	RENTAL	FINANCE			RENTAL	
HUD ASSISTED PROJECTS																	
Christian Retirement Center	120 Parmac Rd	Nonprofit	Senior	1982	38		38				Sec 202	Sec 8	38	38	2022	2002	
Colony West	1550 Springfield	Private	Family	1980	80		24	56			Sec 221 (D)(4)	Sec 8	80	20	2020	1996	
Bidwell Oaks	700 Salem	Private	Senior	1977	59	14	33	12			Sec 231	Sec 8	59	44	2016	1997	
Trans Pacific Gardens 1	725 Nord	Private	Family	1970	106		42	64			Sec 236 (J)(1)		106		1990		
Trans Pacific Gardens 2	729 Nord	Private	Family	1971	164		68	96			Sec 236 (J)(1)		164		1991		
Rio Lindo Apts	455 Rio Lindo	Private	Family	1975	64		16	42			Sec 236 (J)(1)		64		1995		
Little Chico Gardens	851 Pomona	Private	Family	1977	92		26	66			Sec 236 (J)(1)	Sec 8	92	18	1997	1994	
Villa Rita	650 Manzanita	Private	Senior	1977	59	14	33	12			Sec 231	Sec 8	59	52	2017	1994	
PRIVATE ACTIVITY BOND PROJECT																	
Sycamore Glen	1199 Diablo	Private	Senior	1984	117	27	87				Rev Bonds		24		2014		
Ceres Plaza	1459 E. Lassen	Private	Family	1983	184	36	42	106			Rev Bonds		36		1994		
Lakeview	2581 Calif Park	Private	Family	1986	154		32	104	18		Rev Bonds	Reg Agree	30	15	2017	2017	
Pinetree 1	47 Cobblestone	Private	Family	1984	100		71	15	14		Rev Bonds		20				
Pinetree 2	47 Cobblestone	Private	Family	1984	110		16	92	2		Rev Bonds		20		2010		
Sierra Sunrise		Nonprofit	Senior	1992	110	10	80	20			Certf Part	Reg Agree	25	25	2012	2012	
STATE OF CALIF ASSIST																	
Turning Point Commons	25 Via La Paz	Nonprofit	Family	1984	66		14	23	18	6	CHFA	HCD	66		2014	2014	
East of Eaton	Eaton Road	Nonprofit	Family	1992	76	1	13	36	26		HCD/LIHTC		76		2042		
Cinnamon Village	1650 Forest	Private	Family	1982	80		16	56	8		CHFA	Sec 8	80	80	2010	2010	
Cedar Village	820 W 4th Ave	Private	Family		116		28	56	32		CHFA	Sec 8	116	116	2010	2010	
FARMERS HOME ADMIN ASSIST																	
La Vista Verde	1666 Vista Verde	Nonprofit	Family	1985	33			14	14	5	FMHA	FMHA	33	33	2016	2016	
Total Units					1808	101	667	847	142	37			1188	441			

Footnotes:

*Indicates that owners have initiated process with HUD to restructure assistance package

indicates project is "at risk" but owners have not contacted HUD as of 8/01/92

5. Rio Lindo Apartments:

As of August 1992 the owners have not contacted HUD. In the event the owners do contact HUD and propose to cancel the assistance the City will be notified and provided an opportunity to preserve the units.

6. Little Chico Gardens:

As of August 1992 the owners have not contacted HUD. Similarly to the Rio Lindo Apt. the City will be notified if the project is placed at risk.

7. Villa Rita:

As mentioned above in regards to Bidwell Oaks, Section 231 mortgages are not subject to prepayment. The Section 8 contract is scheduled for renewal in 1994 for another 5 year term. The City expects HUD to continue the Section 8 assistance after 1997.

8. Mortgage Revenue Bond Financed Projects:

Ceres Plaza:

Ceres Plaza has 184 units and 36 (20%) are set a side for low and very low income households (10% for each category). The project received permanent financing from the issuance of tax exempt bonds in 1984. The set a side units were a requirement of the Internal Revenue Service regulations. The units do not have rental assistance and are rented at market rent levels. Therefore, when the regulatory period ends in 1994, the owners could decide to no longer rent to families with incomes below their rent management policy (such as 3 times the rent level). The owners have contacted the City to discuss refinancing. The City will discuss with the owners the feasibility of providing below market rent levels for some of the set a side units.

Lakeview Apartments:

Lakeview Apartments has been refinanced with tax exempt bonds through the City's allocation. The 30 assisted units are still available to low and very low income households for the remaining term of the loan (2017), and the 15 very low income units, with below market rate rents, are also preserved until 2017. The project has different IRS requirements than Ceres Plaza because it was originally finance after the Tax Reform Act of 1986.

COST OF REPLACING AT RISK UNITS:

As a planning tool the City should recognize the magnitude of the AT RISK problem by examining the worst case scenario whereby all units AT RISK are converted to market rate rent levels and replacement units must be created to provide continued affordable housing.

Based on Table 3.17a the worst case scenario, including mortgage assistance projects and Section 8 assisted projects, would be:

Studios	19 Units
1 Bedroom	215 Units
2 Bedrooms	299 Units
3 Bedrooms	0 Units
4 Bedrooms	0 Units
TOTAL	533 Units

Note: To identify Section 8 units AT RISK by bedroom size, the total units were prorated by the bedroom size distribution for the project.

As mentioned above (page 25) Transpacific Gardens II is currently negotiating a revised financial assistance package with HUD. If the units are preserved, they will be affordable for another 20 years. A revised replacement unit schedule without this project would be:

Studio Units	19 Units
1 Bedroom	147 Units
2 Bedrooms	203 Units
3 Bedrooms	0 Units
4 Bedrooms	0 Units
TOTAL	369 Units

Note: To identify Section 8 units AT RISK by bedroom size, the total units were prorated by the bedroom size distribution for the project.

The City has estimated a conservative minimum unit cost to replace the AT RISK units as follows:

<u>TYPE</u>	<u>SQ FEET</u>	<u>TOTAL DEV. COST</u>
Studio	450 sq/ft	\$45,000
1 Bedroom	600 sq/ft	\$50,000
2 Bedroom	800 sq/ft	\$55,000
3 Bedroom	950 sq/ft	\$60,000
4 Bedroom	1,050 sq/ft	\$70,000

Therefore the cost of replacing the AT RISK units under the two scenarios are:

	WORST CASE	REVISED CASE
Studios	(19 @ \$45,000) = \$855,000	(19 @ \$45,000) = \$855,000
1 Bedroom	(215 @ \$50,000) = \$10,750,000	(147 @ \$50,000) = \$7,350,000
2 Bedroom	(299 @ \$55,000) = \$16,445,000	(203 @ \$55,000) = \$11,165,000
TOTAL	\$28,050,000	\$19,370,000

If we assume that the City would be required to provide 20% to 30% of the replacement project financing to maintain the same number of affordable units, the financial need to provide replacement units for AT RISK projects would be:

	WORST CASE	REVISED CASE
@20%	\$5,610,000	\$3,874,000
@30%	\$8,415,000	\$5,811,000

The above analysis of the cost to replace AT RISK units indicates that the City's financial requirements could range from \$8,415,000 to \$3,874,000.

The City is utilizing its Low and Moderate Income Housing Fund (LMIHF) of the Chico Redevelopment Agency as the primary local financial resource, and the HOME Program will be a significant local resource in the future if it is adequately funded by the Federal government. The City is an entitlement jurisdiction for the Community Development Block Grant (CDGB) Program funded by HUD. The City has received about \$500,000 a year. The funds are used for ongoing programs, such as, housing rehabilitation and public improvements in lower income neighborhoods, and as such are not available for replacement housing activities.

The LMIHF is projected to have over \$5,000,000 of revenue during the next 5 years. The additional potential of HOME funds indicate that unless the worst case scenario occurs the City should have the ability to preserve AT RISK units.

PRESERVATION PROGRAM:

The previous estimates of Replacement Housing Costs may not be required if HUD can provide financial incentives to the current owner or new owner of an AT RISK project. The goal of the financial incentives is to maintain the affordable units for the tenants and provide a reasonable rate of return to the owner.

HUD provides the incentives through the Low Income Housing Preservation and Resident

Homeownership Act of 1990 (LIHPRA). The HUD assisted projects that were financed with mortgages through Section 221 (d) (3) and 236 (j) of the relevant housing acts are the projects governed by LIHPRA. Transpacific Gardens II, which is currently working with HUD on a new package of incentives, is governed by LIHPRA but the majority of the provisions are similar and the negotiations are almost complete. Therefore, the following discussion will only cover LIHPRA.

When conversion of a HUD assisted project is proposed by the owners, the City is informed of the owner's intent by owner, and the City should respond as quickly as possible to begin the complicated process of coordinating the preservation of the units. Alternatives include the purchase of the project by a local organization. Currently the Butte County Housing Authority is the only organization which has requested to be notified by HUD directly. HUD's first goal is to work with the existing owners to develop a package of financial incentives that will keep the project affordable and provide a sufficient rate of return for the owners. Chart 3.1 attempts to describe the process which HUD and the owners follow and where the City has a role.

An inquiry by the owners is not necessarily a sign that the project is AT RISK. The inquiry does alert the City to the fact that the project could be place AT RISK if HUD is unable to provide sufficient financial incentives to the owner.

Upon notification by HUD the City will evaluate the property in terms of its physical condition, bedroom mix, and location . The City will work with either the Housing Authority or a local nonprofit to determine whether the project should be preserved and if so does the cost required to acquire and rehabilitate the units make economic sense.

In the event the a project is threatened with conversion and it makes sense to preserve i t, the City has the Low and Moderate Income Fund as a resource to participate in the refinancing effort. Without additional assistance from HUD and/or the Low Income Housing Tax Credit Program and conventional financing the units will be lost.

HUD will attempt to keep units in the assisted inventory. It may require additional assistance from the community to meet the costs necessary to preserve the units. A major limitation on HUD is the total debt on the property compared to its market value. In situations where significant rehabilitation is required the

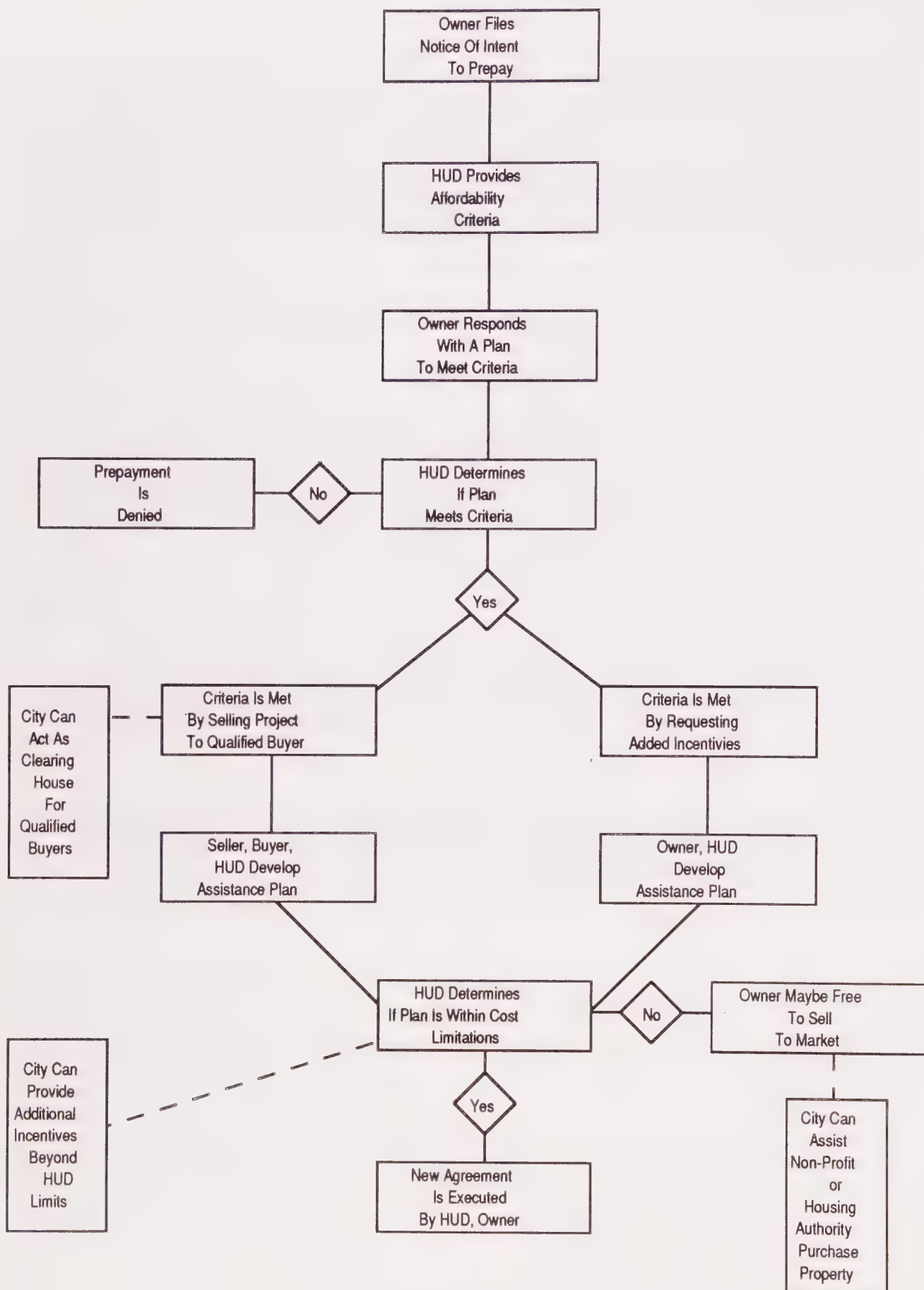
debt limitations may prevent the financing of the repairs. In such situations the City can use its resources and provide a grant for the necessary amount. The affordable Housing Program of the Federal Home Loan Bank is another source. In some cases the Community Development Block Grant or HOME program could be used. A review of the At Risk properties in Chico indicates that at least during the next five years it is not expected that any of the subject properties would require additional preservation assistance for improvements.

Another area of need is when HUD is unable to provide the Rental Assistance funding necessary to meet the very low income and low income tenants.

The City has calculated that on average the present value of a 30 year assistance contract is \$20,000. This is a large subsidy to assist an existing unit. The City has been able to leverage new construction for less money. In the event the City was presented with the need to provide a rental assistance subsidy the cost effectiveness of it would be seriously considered. If there was not an opportunity to replace the unit with new construction the subsidy may make economic sense.

The City will be able to assist in the preservation of AT RISK units in nonmonetary ways as well. In the event a local organization decides to purchase a property through the provisions of LIHPRA, the City can provide technical assistance to the organization on project feasibility analysis and application preparation. The City's support of applications submitted by non profits is often critical when competing for today's scarce financial resources.

Program 29 of this Housing Element, indicates that the City anticipates to preserve 100 units during the five year planning period of this Element. This estimate is based on the average number of units in the four AT RISK projects with mortgage assistance. The purpose of the estimate is to recognize the necessity to allocate resources to this potential need.



f. Regional Housing Allocation Plan

The Regional Housing Allocation Plan, prepared in accordance with the provisions of Section 65584 of the California Government Code, addresses Chico's share of county-wide housing need by income group between 1991 and 1997.

The Butte County Association of Governments (BCAG) prepared a Regional Housing Allocation Plan for the period of 1991-1997 (see Appendix A). The BCAG Plan identified Chico as one of six market areas in the County (five cities and the unincorporated County area). Growth rates for the next five years were assigned on the assumption that each area will maintain its same proportion of the County total to 1997. All market areas were assigned the following allocations by the State Department of Housing and Community Development:

- 28%—very low income (does not exceed 50% of County median)
- 18%—other lower income (income between 50% & 80% of County median)
- 20%—moderate income (income between 80% & 120% of County median)
- 34%—above moderate income (income exceeding 120% of County median)

The California Department of Housing and Community Development calculated the median family income for Butte County at \$ 28,314 in 1991.

Based upon projected population growth and the income category breakdowns, the BCAG report provides estimates for the years through 1997.

Table 3.18a

REGIONAL HOUSING ALLOCATION TABLE BY COMPONENT

Jurisdiction	Basic HH Allocation	1990 Add'l Vacancy	1997 Add'l Vacancy	Replace Need	Frmwrker Adjustment	Student Adjustment	Other Adjustment
Biggs	65	10	3	10	0	0	0
Chico	2,905	266	259	132	3	(210)	806
Gridley	321	0	22	23	1	0	0
Oroville	718	5	81	72	1	60	221
Paradise	1,176	120	75	88	(12)	25	(122)
Unincorp.	4,771	576	300	257	7	125	(905)
TOTAL	9,866	977	740	82	0	0	0

Source: 1991-1997 Regional Housing Allocation Plan, June 1992

Table 3.18b

BASIC NEW CONSTRUCTION NEED BY INCOME GROUP

Jurisdiction	Very Low		Other Low		Moderate		Above Moderate		Total
Biggs	26	(30%)	16	(18%)	15	(17%)	31	(35%)	88
Chico	1,033	(25%)	771	(17%)	872	(21%)	1,485	(36%)	4,161
Gridley	58	(25%)	51	(18%)	53	(19%)	105	(38%)	277
Oroville	288	(25%)	197	(17%)	259	(22%)	414	(36%)	1,158
Paradise	414	(31%)	223	(17%)	236	(16%)	477	(35%)	1,350
Unincorp.	1,577	(31%)	932	(18%)	998	(19%)	1,624	(32%)	5,131
Total	3,406	(23%)	2,190	(18%)	2,133	(20%)	4,136	(34%)	12,165

Source: 1991-1997 Regional Housing Allocation Plan, June 1992

Due to the distribution and concentration of low and moderate income households within the City limits, the City's goals for the provision of housing exceed those set forth in the allocation plan. The City's specific goals for the provision of housing for low and moderate income households are as follows:

1. To meet the goal of the allocation plan for providing housing for low and moderate income households;
2. To provide additional units above the goal to more accurately meet the local need; and
3. To use mechanisms and programs available to the City, maximizing the number of units available at a cost affordable to very low income households.

It is not reasonable to assume that the City can achieve the goals for providing housing to low and moderate income households through the proposed programs and policies contained in this Housing Element without additional federal and state funding programs. The gap separating subsidies required to make ownership and rental housing affordable to moderate and very low income households, respectively, substantially exceeds City resources available. City programs, such as issuance of revenue bonds, the Low and Moderate Income Housing Fund of the Chico Redevelopment Agency, CDBG funds and other non-monetary regulatory requirements and incentives will continue to be efficiently used to meet affordable housing goals.

While the number of housing units currently accessible to the handicapped and the needs for such housing are unknown, it is a goal that one percent of all new units constructed be handicap accessible. Thus, of the 4,000 units expected to be built in the next five years, a minimum of 40 units should be built specifically to be accessible to the handicapped. In light of building code and State requirements, as well as set-aside requirements in housing projects financed through revenue bonds, it is likely that this goal will be achieved.

C. HOUSING AFFORDABILITY

1. HOUSEHOLD INCOME

The following chart summarizes the 1990 distribution of household income levels

Table 3.19
MEDIAN INCOME

Year	City of Chico Median Hshld	City of Chico Median Family	Urban Area Median Hshld	Urban Area Median Family	Butte County Median Hshld	Butte County Median Family
1979	\$11,146	\$17,466	\$12,914	\$18,197	\$13,012	\$16,301
1980	12,179	18,793	14,076	19,579	14,183	17,539
1981	12,926	19,676	14,976	20,499	15,090	18,363
1982	13,520	20,069	15,664	20,908	15,784	18,730
1983	14,020	20,992	16,243	21,869	16,368	19,591
1984	15,015	22,482	17,396	23,421	17,530	20,981
1985	15,435	23,336	17,883	24,311	18,020	21,778
1986	16,021	24,712	18,562	25,745	18,704	23,062
1987	16,790	25,749	19,452	26,826	19,601	24,030
1988	16,991	27,190	19,685	28,328	19,836	25,376
1989	19,005	28,279	22,449	31,136	22,776	28,314

Source: 1980, 1990 Census, May 1992

Other years based on % change in Annual State Personal Tax Returns

*Household median adjusted by rate of change for "all tax returns"

Family median adjusted by rate of change for "joint returns"

2. HOUSING COSTS

Table 3.20 reflects current housing costs. 1991 prices for different home sizes in the Chico area are presented along with a median comparison of the previous five years.

Table 3.20
HOUSING COST (1991)

	Number Sold	Average Price
1-2 bedroom	156	\$89,077
3 bedroom	447	\$132,572
4+ bedroom	136	\$190,738

	1987	1988	1989	1990	1991
Total Sold	553	585	609	596	739
Avg Price	\$86,753	\$91,566	\$108,086	\$135,823	\$134,095
Avg sq/ft	1,506	1,543	1,542	1,581	1,587
Avg \$ sq/ft	\$57	\$61	\$69	\$84	\$87

Source: Housing Office, Chico MLS, April 1992

Table 3.21 evaluates the rent/mortgage cost of housing as a percentage of total household income for different income categories. A full 41% of all City of Chico households (34% CUA) are paying 35% or more of their income to meet housing needs. Of owners, only 17% of City households (14.6% CUA) are committing more than 35% of their income to housing while for renters, 52% of City households (47.5% CUA) are paying more than 35% of their income for housing.

Below moderate income households are most impacted by overpaying for housing. Of the total households in the City in this category, 68% are paying more than 35% of their income for housing (65% CUA).

Table 3.21

CITY OF CHICO HOUSING COST AS PERCENT OF INCOME**1. Rent As Percent of Household Income:**

% of Household	< \$10,000		\$10,000-19,999		\$20,000-34,999		\$35,000-49,999		\$50,000	
Income Pd in Rent	number	%*	number	%*	number	%*	number	%*	number	%*
0-19	43	1.4%	151	4.5%	637	29.9%	531	72.4%	382	85.4%
20-24	94	2.9%	276	8.1%	532	25%	127	17.3%	43	9.7%
25-29	165	5.2%	440	13%	390	18.3%	28	3.9%	4	.9%
30-34	158	4.9%	476	14%	231	10.8%	39	5.3%	---	0--
35+	2,737	85.6%	2,053	60.4%	341	16%	8	1.1%	---	0--
Total Hseholds. in Income Range	3,197		3,396		2,131		733		447	

2. Mortgage As Percent of Household Income:

% of Household	< \$10,000		\$10,000-19,999		\$20,000-34,999		\$35,000-49,999		\$50,000	
Income Pd in Mort	number	%*	number	%*	number	%*	number	%*	number	%*
0-19	124	40.4%	309	43.5%	487	38.2%	469	46.5%	878	72.4%
20-24	29	9.4%	46	6.5%	148	11.6%	243	24.1%	241	19.9%
25-29	8	2.6%	46	6.5%	178	14%	166	16.5%	63	5.2%
30-34	7	2.3%	15	2.1%	195	15.3%	71	7%	24	2%
35+	139	45.3%	294	41.4%	266	20.9%	60	5.9%	6	.5%
Total Hseholds. in Income Range	307		710		1,274		1,009		1,212	

CHICO URBAN AREA**HOUSING COST AS PERCENT OF INCOME****1. Rent As Percent of Household Income:**

% of Household	< \$10,000		\$10,000-19,999		\$20,000-34,999		\$35,000-49,999		\$50,000	
Income Pd in Rent	number	%*	number	%*	number	%*	number	%*	number	%*
0-19	67	1.5%	264	5%	1,165	32%	985	70.4%	659	85.4%
20-24	113	2.5%	464	9%	935	25.6%	259	18.5%	91	11.8%
25-29	219	4.7%	734	14%	718	19.7%	80	5.7%	4	.5%
30-34	200	4.3%	802	15%	352	9.5%	59	4.2%	18	2.3%
35+	3,984	87%	2,942	57%	483	13.2%	17	1.2%	---	0--
Total Hseholds. in Income Range	4,583		5,206		3,653		1,400		772	

2. Mortgage As Percent of Household Income:

% of Household	< \$10,000		\$10,000-19,999		\$20,000-34,999		\$35,000-49,999		\$50,000	
Income Pd in Mort	number	%*	number	%*	number	%*	number	%*	number	%*
0-19	202	28.7%	706	50.1%	1,339	46%	1,202	48.2%	2,401	69.6%
20-24	49	7%	105	7.5%	250	8.6%	515	20.7%	642	18.6%
25-29	49	7%	100	7.1%	342	11.8%	399	16%	268	7.8%
30-34	33	4.6%	50	3.5%	358	12.3%	237	9.5%	114	3.3%
35+	371	52.7%	447	31.8%	620	21.3%	141	5.6%	23	.7%
Total Hseholds. in Income Range	705		1,408		2,909		2,494		3,448	

* PERCENT OF TOTAL HOUSEHOLDS IN THAT INCOME CATEGORY

Source: 1990 Census, May 1992

3. HOMEOWNERSHIP

Chico has relatively high house prices for the Northern Sacramento Valley. The average residential sales price has increased 55% in five years. In the Chico Urban Area there is currently little difference in price between new and existing homes (adjusting for type, quality of construction, and current condition of the property). Therefore the needs of homebuyers of existing houses are similar to the needs of new construction buyers. The forecast for the next five years is continued unaffordable homeownership. This will be due to the continued increase in house prices and the continued trend of new employment opportunities in the Chico area being primarily in the lower paying Services and Retail Trade Sectors. However, the current downward trend in interest rates is providing an opportunity for many first time homebuyers to achieve homeownership. If rates remain low, and the inventory of affordable homes is maintained, the forecast for the next five years may be more positive.

a. Housing Affordability Index

The Housing Affordability Index (Table 3.22) measures the percentage of households that would be able to purchase the median priced home given the current mortgage interest rate. It represents the net effect of the selling price, interest rate and income in determining the affordability of the stock of housing. Given the median home price and the interest rate, the monthly mortgage payment is calculated assuming that the household makes a 20% down payment. Using a mortgage loan requirement that 28% of gross income is available to be spent on principal and interest, the qualifying, or minimum income necessary to purchase the median priced home can be determined.

The affordability index provides a comparative analysis of the ability of households to purchase. A variety of factors influence the translation of the index to the real market, including variations in the mortgage rate and size of down payment.

Table 3.22A is the affordability index for the entire Chico Urban Area. The Table indicates that purchase of housing is an option available to relatively few at a commitment of 28% or less of household income. Table 3.22B is the same index adjusted to minimize the statistical impact of low income student households. Table 3.22B reflects only a slight increase in the number of households which can afford to purchase. Comparing either Table 3.22A or 3.22B to Table 3.22C, and the affordability index for California, shows that the Chico index has constantly declined since 1987 and is approaching the State average. Additionally, Table 3.22D, the national index, shows the state and Chico figures far behind those nationwide.

Table 3.22
HOUSING AFFORDABILITY INDEX

Year	Median Home ¹ Price	Interest Rate ²	Monthly Mortgage Payment ³	Minimum Annual income	Percent of Chico Households That Can Afford To Buy ⁴
A. Chico Urban Area					
1985	\$82,666	11.12%	\$636	\$27,252	37.9%
1986	\$82,556	9.82%	\$571	\$24,468	42.6%
1987	\$85,743	8.94%	\$549	\$23,532	44.3%
1988	\$90,310	8.81%	\$571	\$29,616	34.0%
1989	\$106,929	9.76%	\$736	\$31,548	30.7%
1990	\$132,322	9.75%	\$909	\$38,952	25.0%
B. Chico Urban Area (Adjusted For Student Households)					
1985	\$82,666	11.12%	\$636	\$27,252	41.7%
1986	\$82,556	9.82%	\$571	\$24,468	46.9%
1987	\$85,743	8.94%	\$549	\$23,532	48.7%
1988	\$90,310	8.81%	\$571	\$29,616	37.4%
1989	\$106,929	9.76%	\$736	\$31,548	33.8%
1990	\$132,322	9.75%	\$909	\$38,952	27.5%
C. California					
1985	\$119,600	11.12%	\$920	\$39,432	27%
1986	\$133,300	9.82%	\$923	\$39,552	30%
1987	\$141,700	8.94%	\$907	\$38,868	32%
1988	\$167,800	8.81%	\$1,062	\$45,516	24%
1989	\$195,640	9.76%	\$1,346	\$57,684	17%
1990	\$194,010	9.75%	\$1,333	\$57,132	20%
D. United States					
1985	\$75,500	11.12%	\$581	\$24,900	42%
1986	\$80,300	9.82%	\$555	\$23,784	47%
1987	\$85,600	8.94%	\$548	\$23,484	49%
1988	\$89,100	8.81%	\$564	\$24,168	49%
1989	\$93,100	9.76%	\$640	\$27,432	47%
1990	\$95,500	9.75%	\$656	\$28,116	49%

Source: Planning Division/Housing office, February 1992

¹ Reflects sales price of single family residences.

² Interest rates are on annual average.

³ Conventional 30-year, fixed rate mortgage, with 20% down payment.

⁴ Household incomes were adjusted for annual change equal to the increase in the Consumers Price index.

Note: Median annual home prices from National Association of Realtors and California Association of Realtors. Data for 1990 are for the month of June. Interest rate is the annual Federal Home Loan Bank Board effective rate on all loans closed.

b. Housing Cost Variables

Table 3.23 identifies the relationship between the price of a house and the relative percentage of households able to purchase at a number of sample prices. Table 3.24 compares the effect of interest rates on the ability of Chico Urban Area households to purchase. For the purpose of the Table, a constant mortgage amount of \$100,000 was used. Each 1% increase in interest rates results in an increase of \$3,000 annual income necessary to afford to purchase. From a different perspective, each 1% increase in interest rates decreased by approximately 7% the number of Chico Urban Area households which could afford to purchase a home.

Table 3.23
HOUSING COST AFFORDABILITY RELATIONSHIP

Selling Price	Required Income	Percent of CUA Households That Can Afford to Buy (1990)
\$80,000	\$22,000	47%
\$100,000	27,587	37%
\$120,000	33,104	29%
\$140,000	38,622	22%

Assuming 30-year conventional loan at 9.% interest with 20% down.
Note: 28% of income & loan payment

Source: Housing Office , February 1992

Table 3.24
INTEREST RATE-AFFORDABILITY RELATIONSHIP

Interest Rate	Required Income	Percent of CUA Households That Can Afford To Buy (1990)	Adjusted For Student Households
7.5%	\$29,966	33%	42%
8.0%	\$31,477	31%	37%
8.5%	\$32,953	29%	34%
9.0%	\$34,483	27%	30%
9.5%	\$36,036	25%	27%
10.0%	\$37,610	23%	23%

Assuming \$100,000 mortgage for 30-years
Note: 28% of income for principle & interest

Source: Housing Office , February 1992

4. RENTAL HOUSING

A survey of the Chico Urban Area rental market was conducted in the fall of 1991. The rental rates in the area vary, but median rates for different sized units compared to affordable rents range as follows:

SIZE	MARKET	LOW	VERY LOW
1 Bedroom	\$375	\$467	\$278
2 Bedrooms	475	525	313
3 Bedrooms	625	578	342
4 Bedrooms	825	673	400

(There are approximately 12,454 rental units in the Chico Urban Area.)

The median rent in 1990 was \$451 per month. The Chico Urban Area rental market was found to be primarily serving the needs of households earning more than 80% of the local median income. The market is meeting the needs of households earning between 60% and 80% of the local median income through the combination of the older rental stock and assisted units (see Table 3.17). The unmet need is found in the very low income group, which is defined as households earning at or below 50% of the local median income. The market assessment identified a need for 2,839 units that have rent levels affordable to this group. The very low income group consists of seniors, students, families and unrelated renter households.

5. MANUFACTURED HOUSING OWNERSHIP

An alternative to the common site-built home is found in the purchase of a manufactured, or mobile home. Technically, the designation of manufactured housing is applied to factory built housing units constructed to the standards established by the National Mobile Construction and Safety Standards Act of 1974. In 1981, the State adopted legislation requiring that cities and counties permit the installation of manufactured housing.

In response to this legislative mandate, the City of Chico amended its ordinances to provide an overlay zoning designation which allows the placement of manufactured housing on single lots, and applied this zoning to several large parcels.

The City also amended the land use regulations to reduce the minimum lot sizes and setbacks in medium and high density residential zones. Minimum lot sizes were reduced by 25%, to 4,500 square feet, and setbacks were reduced to 15 feet, front and rear. Development of a manufactured home subdivision within one of the areas zoned for the use and utilizing the reduced development standards, could result in a density of 8-10 units per acre as compared to 4-4.5 units per acre under the old standards.

Of the 2,081 mobile homes in the Chico Urban Area, representing 7% of total housing units, all but 303 are located outside the City limits. Throughout the County, mobile homes account for 15% of all housing units. The cost for a manufactured housing unit is usually lower than for a comparably sized standard housing unit. Manufactured housing costs are usually about \$30 per square foot, compared to a minimum of \$50 per square foot for site built housing (not including land). Prices range from a low of \$24,000 for a two bedroom, 950 square foot unit, to \$82,000 for a 2,000 square foot luxury model. Since delivery of a manufactured home is possible in a short time, additional savings can be realized as interest costs are not incurred during construction.

Additional costs are incurred in setting up the mobile home on the site, and monthly costs are also incurred for space rental (\$200 per month average) when placed in a mobile home park or land purchase when placed on an individual lot.

Purchase of a manufactured housing unit typically requires a down payment of 15% with a finance period of twenty years. Interest rates on mobile homes are usually 1% to 2% higher than loan rates on conventional homes.

At the current interest rate of 9.25 %, monthly payments would equal 1.30% of the purchase price. For a manufactured home of approximately 1,000 square feet costing \$40,000, the following monthly costs would be expected:

Mortgage payment	\$311
Space Rental	200
Annual Fees	<u>30/mo.</u>
Total	\$586

If the manufactured home were placed on its own lot, these costs would be even higher if lot payments were required. Minimum lot purchase price would be approximately \$40,000 with monthly payments, for both the lot and the unit (including taxes) of about \$725. Even though manufactured housing is often more affordable than standard housing, there are several financial and practical drawbacks which can deter prospective buyers. Examples are:

- Higher interest rates.
- Lower rate of appreciation on value of unit (and possibly even depreciation) than for standard houses.
- Most mobile home parks are "adult oriented", making them unattractive environments for young families.
- Costs for extras such as decks, canopies, stairs, siding, garages, carports, etc.
- There are no appreciable differences in land costs for placement of a manufactured home versus construction of a standard construction home.

D. HOUSING CONDITION

1. HOUSING STOCK CONDITION

The condition of the housing stock in Chico's residential neighborhoods was surveyed in 1991. Of the 5,155 single-family units surveyed, 8.8% (454) needed minor repair, 8.3% (432) needed moderate to substantial rehabilitation and .2% (10) units were considered to be so deteriorated as to be best suited for demolition. The largest concentration of substandard housing is located in the Chapmantown area, generally east of Mulberry Street and south of East Ninth Street. However, examples of deteriorated housing can be located in almost any older neighborhood in the Urban Area.

The housing condition survey was initiated as a program of the 1986 Housing Element. The survey results indicate that housing in need of repair has declined both in real numbers and as a percentage of total units. Presumably this is the result of the City's on-going code enforcement program and increasing real estate values, making investment in older housing a means of home ownership.

2 HOUSING AGE

As Table 3.25 demonstrates, more than 51% of the Urban Area housing stock was built since 1970. In the City of Chico, the percent of units built since 1970 is 65%. The age of the housing stock is a good indicator of the potential need for replacement housing and the adequacy of the housing stock in terms of health and safety standards. It should be noted that the age of the stock is established by the occupant of the unit during the census and as such may not be accurate.

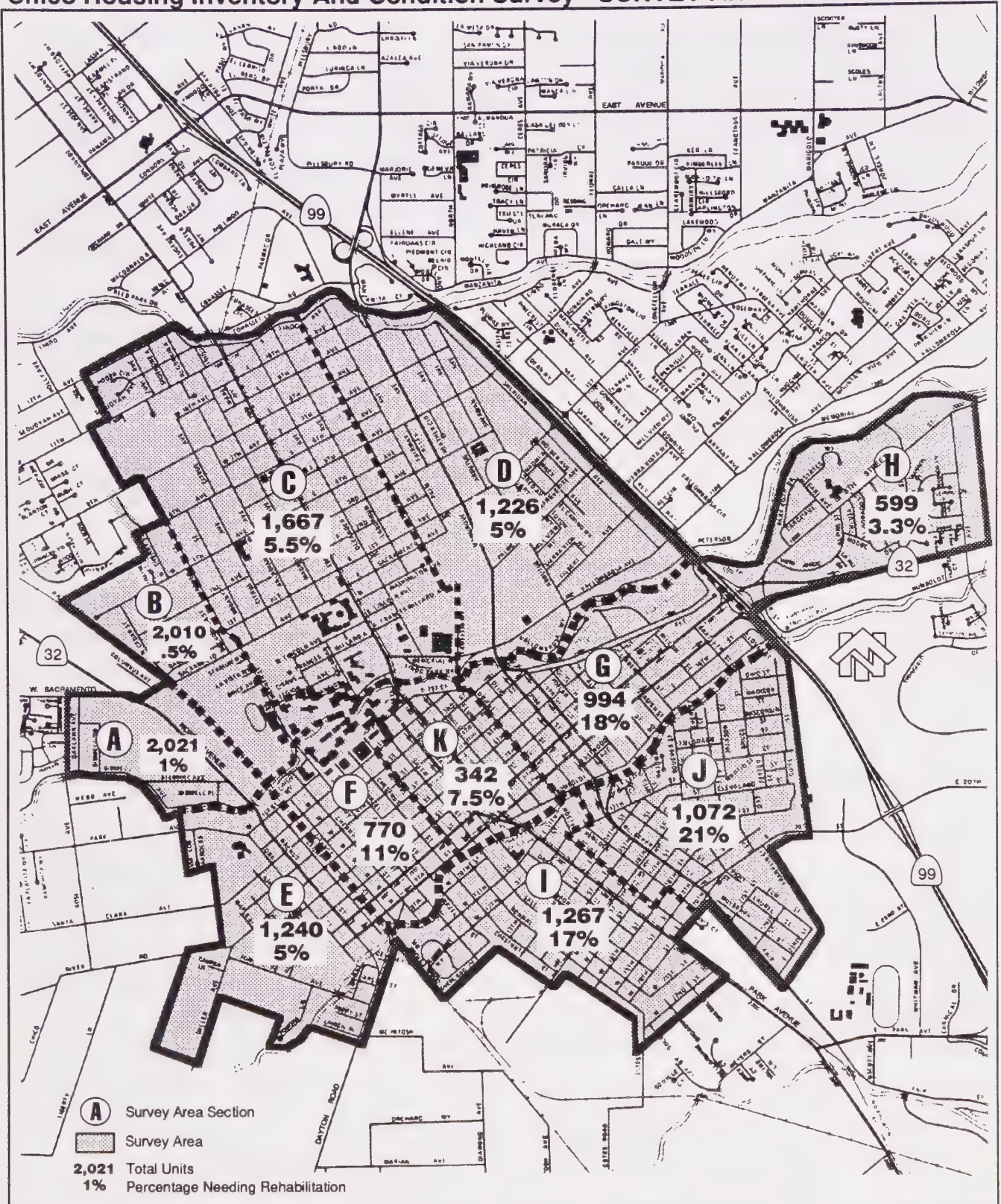
Table 3.25
HOUSING STOCK

	Chico Urban Area AGE OF THE HOUSING STOCK (1990)		
	City of Chico	Unincorporated Area	Urban Area Total
1980 to 1990	5,349	3,984	9,333
1970 to 1979	3,712	3,445	7,157
1960 to 1969	1,880	2,949	4,829
1950 to 1959	1,974	3,307	5,281
1940 to 1949	1,486	1,272	2,758
1939 or earlier	2,030	1,112	3,142

Source: 1990 Census, Housing Office, February 1991

Map 3.2

Chico Housing Inventory And Condition Survey - SURVEY AREA BOUNDARY



E. PROVISION OF HOUSING FOR LOW AND MODERATE INCOME HOUSEHOLDS

1. ARTICLE XXXIV—REFERENDUM AUTHORITY

Article XXXIV of the California Constitution requires that local voters approve the development, construction or acquisition of low income housing by a State or public body when more than 49% of the units are for low income households. To provide authorization for low income projects, the voters of the City of Chico approved 500 units in March 1977 and an additional 250 units in November 1979. Of the total 750 units approved, 250 units were specifically allocated to the Butte County Housing Authority (BCHA). Fifty of the units allocated to the BCHA have been developed and a 60 unit project is pending. Of the City's remaining 500 units, 371 have been constructed with another 72 units allocated, leaving 57 units available for development under the referendum authorization. The City is placed a measure on the June 1992 ballot for 500 units which was defeated. The City is considering a similar measure for 1993.

2. COMPREHENSIVE HOUSING AFFORDABILITY STRATEGY(CHAS).

As part of its Community Development Block Grant (CDBG) Program, the City has been required to develop a Comprehensive Housing Affordability Strategy (CHAS). The CHAS consists of a survey of housing conditions; an assessment of housing needs of the low and moderate income population; goals for housing units and households to be assisted; and locations of proposed assisted housing. HUD uses the CHAS as a basis for approval or disapproval of assisted housing as well as for monitoring the City's provision of assisted housing.

3. LOW AND MODERATE INCOME HOUSING DEVELOPMENTS

In addition to private developers, the BCHA and the City of Chico have been involved in development of low and moderate income housing in the City. The City has assisted in this development by providing funding assistance and by giving priority for disposition of land acquired with CDBG funds.

a. Butte County Housing Authority (BCHA)

The City has worked closely with BCHA over the years to develop low income housing. The City assisted BCHA with development of the original 100 duplex units within the City, approximately 60% of which are currently occupied by very low income families. These units were built at scattered sites throughout the City to encourage a mixture of housing types within City neighborhoods. The units are well maintained and operated by BCHA. BCHA recently completed 50 units of additional housing. BCHA is currently

working to develop a 60 unit senior housing project, Vallombrosa Commons. In addition BCHA manages approximately 500 existing section 8 units in the Chico Urban Area.

b. City of Chico

In the past, the City has not been a direct provider of low and moderate income housing, but has provided funding and/or resources to providers of such housing. However, this role will change as the City becomes the primary source of financial assistance. Previous and current programs include:

• Chico Redevelopment Agency's Low and Moderate Income Housing Fund (LMIHF)

The City has established three redevelopment project areas (RDA's) and is in the process of merging these RDA's in order to better allocate funds. A RDA covering the greater Chico Urban Area is also being considered. This RDA would assist in the funding of improvements, including sanitary sewers to the unincorporated area within Chico's Sphere of Influence. Twenty percent of the tax increment which provides financing for redevelopment project areas must be utilized to benefit low and moderate income housing. The City has utilized this funding source to underwrite the extension and development of infrastructure needed to support low income housing projects and to buy down rents or subsidize the cost of providing affordable housing units to very low and low income and senior housing.

• Community Development Block Grant

The City has participated in the Community Development Block Grant (CDBG) Program since its inception in 1975.

In 1982, the City became an Entitlement City under the CDBG Program. Under the Entitlement Program, the City receives funding based on HUD's allocation formula. The Entitlement Program provides the City greater flexibility in designing its CDBG Program, since it is no longer required to develop programs to meet competitive criteria, nor is it restricted to target areas. These funds have been allocated for:

- City-wide housing rehabilitation
- 45 blocks of residential neighborhood public infrastructure improved/installed
- Historic train depot rehabilitation
- Women's shelter developed
- Scrap yard relocated from residential neighborhood
- Open drainage ditch enclosed

- Community organizations funded to provide essential social services to lower-income households

- **Revenue Bond Financing**

The City has used its ability to issue tax free revenue bonds to assist in the development of various housing projects within the community. In these cases, while the City Council authorizes the issuance of tax free bonds, the City assumes no liability or risk associated with the repayment of these bonds. Rather, the City is allowing a developer to use the City's tax exempt status to achieve lower financing rates in order to develop additional housing units within the community. Under previous tax law, In exchange for the right to use this tax exempt status, the developers were required to reserve 20% of the units for low and very low income. This requirement was further refined by the City to specify that 10% be reserved for very low income families (50% of the median income). In addition, 5% of the units are required to be built to meet the needs of the handicapped according to Title 25 requirements. In 1986 the requirements were increased by the Federal government to 20% for very low or 40% for low income families. Through 1990, six projects have actually been constructed using this financing, for a total of 674 units. These projects have set aside 171 low and moderate income units.

The recent revisions to the tax code and lower interest rates have reduced the need for revenue bond financing for traditional housing. Revenue Bonds still have a major role in financing nontraditional projects that institutional lenders will not underwrite. For example, the City recently used it tax exempt authority to assist a senior housing project that provides a combination of congregate living and skilled nursing services.

F. HOUSING ISSUES

Based on trends since 1970, multi-family dwelling units will apparently play a larger role in housing Chico's population during the next 10 years. This conclusion seems especially clear for the immediate future, as the ability to purchase single family housing soars out of reach of a larger proportion of Chico's families. Ways must be found to provide better utility of the land, including smaller minimum lot sizes and placement of additional units on already developed lots. In developing new housing, however, community values must be preserved.

1. MULTIPLE FAMILY RESIDENTIAL DEVELOPMENT

From 1970 to 1980 the City of Chico experienced a 158% increase in the multiple family housing stock. From 1980 to 1990 the increase was 74%. The Urban Area increase from 1980 to 1990 was 50%. The increase in multifamily units in the City has reduced the percentage of single-family units from 70% in 1970 to 47% in 1990, despite a significant increase in the total number of such units. Table 3.26 below summarizes the dramatic increase in multi-family housing units in the past two decades.

Table 3.26

MULTIPLE FAMILY HOUSING PRODUCTION

Chico Urban Area Multiple Family Housing Production 1970 to 1990		
	<u>City of Chico</u>	<u>Chico Urban Area</u>
1970	1,930	--
1980	4,981	9,592
1990	8,667	14,371

Source: Planning Division

a. Compatibility Issues

The city must continue to be concerned with the preservation of the residential character of Chico neighborhoods and the preservation of historically significant structures. New housing in older neighborhoods should be designed so as to be compatible both in design and density with existing residences.

The areas indicated as High Density Residential on the General Plan Land Use Map do not necessarily represent identical multi-family development opportunities. In the South Campus neighborhood, for example, the high density designation is intended to reflect the need for some new higher density

dwelling units, but it is desired to retain a wide mixture of housing units in this area, including older single family units.

While the densities permitted by the General Plan may be as high as 25 units per acre, most multiple family residential projects are built at densities of 16 - 20 units per acre. There are many reasons why the projects are built at less than the maximum density, including increased construction costs for multi-story development (in excess of two stories) and development standards (setbacks, parking requirements and open space).

For the purpose of calculating holding capacity, 20 units per acre is used. For determining service capacities, the limit authorized by the plan is used to ensure that should development be proposed near the limit, service capacity will not restrict such development. In other words, service capacities for high density residential areas are planned and available for development at the General Plan limit, even though development has historically occurred at lower levels.

The importance of multi-family dwelling units in Chico's future housing stock makes it imperative that the City deal effectively with the specific issues of multi-family densities and amenities in order to improve the potential of this housing type for long-term occupancy by families. The multi-family dwelling issues call for a consideration of certain conflicts between the character of the new multi-family housing and older residential types. The conflicts of scale and density are central to the appearance of apartments in single family neighborhoods such as South Campus, Citrus and Rosedale. Apartment densities, the bulk of the buildings, and the extent of facades on the new apartments are frequently out of scale with the surrounding homes. In the South Campus neighborhood where the example is most extreme, single family homes have been developed at 7 to 10 dwelling units per net acre. Conversion of the single family homes to smaller rental units has raised the overall density to about 15 dwelling units per net acre. New apartments, however, have been developed at densities ranging upward to 30 dwelling units per net acre.

Reaction to these changes has led to establishment of a historical landmark district in the South Campus area and the rezoning of the Citrus Avenue area to single family residential development. In 1987, density was reduced City-wide for medium and high density residential zones, from 20 and 35 units per acre respectively, to 14 and 25 units per acre. As indicated above, however, these lower densities more accurately reflect what has typically been built in Chico.

b. Design Considerations

In the past, development at higher densities often meant that landscaped front and side yards were sacrificed, leaving no space for porches, decks, or other usable open spaces. Too often, the required off-street parking located between the buildings and the absence of substantial landscaping resulted in an appearance unnecessarily bleak in a city where home settings traditionally boast shade trees and grassy yards.

A number of code amendments have been adopted to correct many of the above problems. Recent amendments to the Land Use Regulations require 40% open space for development in the Medium Density Residential District and 35% open space in the High Density Residential District. There are also specific landscape requirements for parking areas that must be met.

In addition to those design requirements implemented in the Land Use Regulations, the Chico Municipal Code requires that plans for all construction, except single family residences, be reviewed by the Architectural Review Board (ARB). The ARB works with a project applicant towards making a development compatible with the neighborhood, through application of design standards. All of the above steps contribute towards the enhancement of the general appearance of a project.

In order to avoid apartment unit construction characterized by unimaginative design and by extensive parking areas fronting local streets and adjacent residences, certain areas of design need to be stressed, especially in the evaluation of new apartments. Architectural review guidelines were adopted in 1987 to assist the ARB and project applicants and designers in considering design opportunities. The guidelines establish minimum standards for site, building and landscape design. Application of the guidelines has been further illustrated through preparation of a design manual, which is anticipated to be available to developers and designers by Fall 1992.

The City of Chico is now in the process of updating its General Plan, which will include a community character assessment. Once completed, the above mentioned guidelines and manual will be revised to be consistent with adopted goals and policies.

2 SINGLE FAMILY OWNER OCCUPIED FIRST-TIME HOMEBUYERS

Chico as a growing area retail/services center is generating demand for housing as an increasing labor force of relatively young wage earners attempt to enter the home ownership market for the first time. Income that reflects pay scales in the Retail Services sector typically cannot support the level of payments required to afford the median price home in the Chico Urban Area (\$134,095). For most first-time

homebuyers alternatives include purchasing a house in need of extensive repairs, purchasing a condominium, or purchasing a home outside of the Chico Urban Area.

The City of Chico is addressing some of the need in this area with its first-time homebuyer program—the Mortgage Subsidy Program (MSP). The MSP is designed to help first-time homebuyers purchase a home in the City of Chico by providing a deferred payment second mortgage of up to 20% of the sales price. The City uses the LMIHF to fund the program. This program provides an opportunity for low income persons and families to buy their first home.

3. ELDERLY HOUSING

The City should encourage the redevelopment of the downtown area for housing senior citizens. The City is in a good position to do this, having already utilized its power to condemn blighted properties by acquiring five sites for municipal parking lots. Parking lots at Fifth and Salem Streets, and at Third Street between Wall and Flume, are sites that the City could make available for the development of housing appropriate for senior citizens. Said housing would be developed above existing parking lots and would not reduce the number of parking spaces. Such housing could take a number of forms, ranging from conventional one-bedroom and studio rental units, complete with their own kitchen facilities to congregate housing which provides a central dining room and kitchen for the residents in lieu of private kitchen facilities.

There are 368 units which have been developed specifically for occupancy by the elderly. Of these units, 212 are contained in two congregate housing projects, while the remaining 156 self contained units are in three developments. In each case, the City provided incentives to the developer, such as reduction in the amount of required off-street parking and/or increased density.

In approving such projects and incentives, the City must exercise caution to ensure that in the event a project fails as exclusively elderly housing, conversion to another use will not result in adverse effects, such as inadequate parking or incompatible use.

4. TEMPORARY HOUSING

The 1990 Census indicates there are approximately 127 homeless in the Chico Urban Area. This includes persons on the street and in the shelters as of a specific date. Information on statistics for the Chico Homeless for five years (through 12/90) is provided on Table 3.27.

Table 3.27
ASSISTANCE TO THE HOMELESS

Five Year Statistics For Chico Homeless As Provided by Chico FEMA Agencies		
I.	Total Individuals Served	3,445 (Unduplicated) ¹
	A) Single Adults	
	1. Men	925
	2. Women	340
	B) Families	
	1. Adults	1,235
	2. Children	945
II.	Total Nights Provided	14,755 (Duplicated) ²
	A) Single Adults	
	1. Men	2,340
	2. Women	1,065
	B) Families	
	1. Adults	2,325
	2. Children	1,325
III.	Residence In Chico	Total Persons
	A) Average Number of Years Residence in Chico	5.58/years
	B) Range of	274.58/years
IV.	Reason Shelter Needed	
	A) Eviction	420
	B) Relocating or Between Rentals	180
V.	Other Social Services Provided by Providers	
		<u>Cases</u> <u>Individuals</u>
	A) Food Voucher	9,414 14,000
	B) Food Locker	4,125 973

¹ This number represents the number of individuals that request assistance and attempts to avoid double counting of persons served by two different agencies.

² This number represents the number of persons who were assisted overall and could contain double counting.

Source: United Way, Chico Office (through December 1990)

Transients and persons stranded in the area for various reasons who are in need of shelter are served through a motel voucher system. Local service providers issue vouchers for temporary lodging at Urban Area motels. In the winter months, temporary overnight lodging is also provided at the Chico Armory. Persons who are residents of the community but have been displaced from their housing by fire, eviction or other action are served in several ways. In addition to the above mentioned programs, in the fall of 1991, The Esplanade House was opened as a transitional shelter for homeless families. Catalyst, a women's shelter, also provides temporary housing for homeless women and children due to abusive situations.

The need in the Chico area is for a permanent temporary housing facility. This facility could provide lodging and help link clients up with appropriate social services and job training assistance.

5. CONDOMINIUM CONVERSIONS

In 1981, the City adopted a condominium conversion ordinance with regulator mechanisms addressing conversions. Specific features of the ordinance provided for tenant notification; relocation assistance for the elderly, handicapped and low income persons; structural reports; and building standards and equipment. The ordinance also requires that for every condominium conversion, there must be an equal number of new apartments provided on the market. From a review of tax rolls, it appears that less than 30% of all units converted are owner occupied. The majority of the units are held by the original subdivider, or in "blocks" of units by an investor or investors, or by absentee owners. Apparently most condominium projects are currently operated primarily as apartments, although the option is present to sell units individually. The same trends are apparent in projects specifically built as condominium projects. The effort required to sell individual units and success in doing so varies from project to project, but is moderate in most instances. Condominium conversion is not a priority issue at this time.

6. ACCESSORY APARTMENTS

Additional housing units can be developed at a minimal cost by either permitting the development of additional units on improved lots or dividing existing units into flats. The City has adopted standards for an RD-1 Low Density Residential District which has been applied in areas traditionally reserved for single family residential use. This district allows the division of existing residences into multiple units (subject to use permit approval) and construction of accessory apartments, commonly referred to as "mother-in-law" units, on improved lots. City standards restrict the accessory apartments to 640 square foot, single bedroom (or studio) units, but does not restrict occupancy. The extent to which the RD-1 Zone is to be applied throughout the City is an issue yet to be fully resolved, along with adoption of development standards for accessory apartments.

In addition to resolving the issue of RD-1 application, the City should consider amending its code to reflect changes to State statutes regarding the maximum size of second units and analyze the feasibility of allowing second units, within all residential zones. If feasible, standards should be considered which limit the number of units per area, based on infrastructure capacity; require owner-occupancy of main or second unit and not require additional on-site parking, but permit on-street parking for the second unit. Also review should be given to integrating future second units into new subdivision design.

7. OFF-SITE CONSTRUCTED HOMES (MOBILE HOMES)

The importance of off-site constructed homes, especially for moderate income families in Chico's future, has been recognized by the City although such development occurs almost exclusively in the

surrounding unincorporated community. The issues associated with off-site constructed homes include the locations where they will be allowed and the densities that will govern their development. Off-site constructed home parks in the Chico Urban Area have been developed at various densities ranging from 7 to 27 off-site constructed home units per net acre. The roomier parks are able to provide common open space and recreation facilities essential to enjoyable family living. The more crowded ones offer little more than the rental space, albeit affordable housing. It is worth noting that the extension of sanitary sewers, as mandated by the State, may have a significant impact on the affordability of older mobile home parks currently using septic systems.

The off-site manufactured home overlay zone has been applied to several large parcels to offer opportunities for this housing alternative. It should be noted however, that many of the parcels designated for off-site constructed housing have been developed during the past six years with such housing or with conventional multiple-family housing. The remaining land zoned for off-site manufactured housing is currently not available due to lack of infrastructure or environmental constraints. Currently City regulations do not allow installation of manufactured housing on permanent foundations on all residential lots, but limits such housing to those areas designated by the overlay zone and to R-3 High Density Residential and commercial zones with a use permit.

8. MINIMUM LOT SIZE

One means of reducing land cost for residential development is to reduce the minimum lot size requirements, thus spreading the land cost over a larger number of units. The City has reduced minimum lot sizes in the High and Medium Density Residential Zoning Districts. The City has approved zero lot line developments of single family detached homes on smaller lots in the R-2 Medium Density Residential zone. These subdivisions have been approved in areas designated for Low Density Residential development (maximum 6 dwelling units per acre) in the General Plan. Conditional zoning agreements have been executed restricting these subdivisions to the six unit per acre maximum and single-family detached residences.

These reduced minimum size lots should be examined to determine if amenities and appearance are compatible with community standards. The question of what the minimum acceptable lot size is must be addressed. Also the possibility of reducing minimum lot sizes in other residential districts should be considered. Consideration should be given to establishing performance-based zoning in residential zones to permit smaller sized lots while enhancing and supporting creative subdivision design.

9. ENERGY CONSERVATION

Recognizing the importance of heating and cooling costs to the overall cost of housing and the importance of conserving energy wherever possible, the City has adopted a retro-fit ordinance requiring the installation of energy conservation measures in existing residential structures under specific conditions. New structures in the City must also meet the revised State of California Administrative Code: Title 24 Building Standards, requiring construction of energy efficient buildings.

The use of passive solar techniques such as site orientation, the use of landscaping, and the use of active solar technology are also being examined. The provision of passive solar systems and other measures at the subdivision and house design phase adds little or no costs to development while adding significantly to the long-term affordability to the homeowner. The City will continue to pursue its study of energy conservation techniques to determine those appropriate for the Chico area and then modify its building, zoning and subdivision regulations to implement those techniques. The City should consider development of an incentives program integrating benefits, such as increased density and reduced development standards and costs, in exchange for project designs exhibiting a high degree of affordability and site sensitivity, including passive and active solar energy systems.

10. JOBS/HOUSING BALANCE

A jobs/housing balance is becoming increasingly important as the City recognizes the desirability for housing type and availability to match housing need, using employment as the determiner of need. When total employment (number of jobs that exist in Chico) is equal to resident employment (number of jobs Chico residents hold), the jobs/housing balance will be 1.0 (efficient balance). The benefits to the City that results from a jobs/housing balance of 1.0 include adequate housing supply, energy conservation, less air pollution and shorter commutes. The formula for arriving at the jobs/housing balance ratio is:

$$\frac{\text{total jobs}}{\text{employed residents}} = \text{Jobs/Housing Balance}$$

for the Chico Area:

$$\frac{35,602}{34,961} = 1.02$$

Another way to arrive at the jobs/housing balance is to calculate the ideal number of dwelling units desired. That calculation is in the following formula:

$$\begin{array}{rclcl} \text{\# of dwelling units} & = & \text{total jobs} & \times & (1 + \text{desired vacancy rate}) \\ \text{(ideal)} & & \text{workers per household} & & \end{array}$$

For the Chico Area:

$$\begin{array}{rclcl} \text{\# of dwelling units} & = & \frac{35,602}{1.23} & \times & (1 + 5\%) \\ \text{(ideal)} & & & & \\ \text{" " " } & = & 30,392 & & \end{array}$$

Actual number of dwelling units in the Chico Urban Area is 30,063 (31,549 for the Greater Chico Area).

The above figures indicate that the jobs/housing balance for the Chico Urban Area is near 1.0. The goal of the City will be to maintain a jobs/housing balance of 1.0. A greater challenge will be to provide housing affordable to all economic segments of the community.

G. LAND AVAILABILITY AND DEVELOPMENT POTENTIAL

1. AVAILABLE LAND FOR RESIDENTIAL DEVELOPMENT

Within the Chico Urban Area, there are substantial vacant lands designated in the General Plan for various densities of residential development. A summary of vacant land designated for residential use and development in the Chico Urban Area is shown in Table 3.28:

Table 3.28

HOLDING CAPACITY ANALYSIS

City of Chico General Plan Holding Capacity Analysis						
<u>Land Use Designation</u>	<u>Acreage</u>	<u>Units/Acre</u>	<u>Total Units</u>	<u>Persons/Unit</u>	<u>Population</u>	<u>Less 5% Vacancy</u>
Rural	1,380	2	2,760	4	11,040	10,488
Low Density	3,179	4	12,716	3	38,148	36,241
Medium Density	643	10	6,430	2.5	16,075	15,270
High Density	622	20	12,440	2	24,880	23,640

Source: Planning Division
July 1992

Population Holding Capacity: 85,639

Generally, the land indicated in the General Plan Holding Capacity Analysis is also zoned for residential use. These lands are contained within the primary Sphere of Influence for which public facilities, including sewer facilities, have been planned.

It is clear that the lands within the Sphere of Influence are not equal as to suitability for immediate or near future development. Obviously, those lands which are largely surrounded by or adjacent to existing urban development are most readily developable due to minimal costs for the extension of services and infrastructure.

The next degree of suitability (moderately available) is identified as those lands which are in close proximity to some infrastructure, but still require costly extensions to establish full services for development. Sewer trunk lines, which were extensively installed in conjunction with the establishment of two sewer assessment districts, result in large amounts of land being in this category.

The final category of land suitability (urban reserve) for development is those lands which would require extensive services and infrastructure extension to facilitate development. These lands could generally be considered designated for urban reserve or holding status.

Table 3.29 summarizes the readiness of lands for development based on type of residential land use; all categories are estimates only. Acreage defined as "readily developable" is, by definition (refer to page 71), located within the City of Chico incorporated boundaries. Based on the units per acre figures shown in Table 3.28 readily developable land will support construction of 6, 790 housing units or about 166 percent of the City's regional housing allocation. Categories summarizing lands held as permanent open space or for public use and lands subject to environmental constraints are also shown.

Table 3.29
SUITABILITY OF LANDS FOR DEVELOPMENT

Land Use Designation	Total Acreage	Readily Developable	Moderately Developable	Urban Reserve	Environmental Constraint	Held as Permanent Open Space/Public Use
Rural	1,380	690	690	0	--	0
Low Density	3,179	500	1,050	879	700	50
Medium Density	643	95	153	0	385	10
High Density	622	123	55	0	379	65

Source: Planning Division, July 1992

The table indicates that there are ample lands available for immediate and near term development, meeting the anticipated demand for housing. Additionally, as land is developed, infrastructure and services are extended, increasing the developability of those lands in the other categories.

Due to the large quantities of vacant lands available and suitable for development of residential projects at all densities, it is not economically viable on a large scale to redevelop existing improved sites. However, on a limited basis, single family residences, usually older, located on large lots zoned for multiple units are being removed and replaced with apartment buildings.

- a. Water service is provided by California Water Service Company from deep wells. Due to the abundance of ground water and the ability of the provider to maintain and provide service once necessary mains and extensions are installed by the subdivider, provision of water service is not considered to present a constraint to development.
- b. Sanitary sewers are used by almost all development within the City, while development in the unincorporated area relies on septic tanks. The City sewer system, including trunkline and treatment capacities, is sufficient to meet demand through 1997. Recently verified high levels of nitrates in ground water has restricted the density of development allowed utilizing septic systems to one unit per acre. The number of projects required to annex to the City to utilize the sanitary sewer system has increased as a result. This nitrate

condition has led to the projections that much of the new development in the Urban Area will occur within the City. Despite this factor however, growth in the unincorporated area surrounding the City is second only to Chico within Butte County, in number of units constructed from 1980 to 1990.

- c. Environmental constraints, effecting land availability and suitability for development will be discussed in greater depth in Section H--Constraints. Storm water runoff which had been considered adequate is being assessed for implementation of alternative systems that detain more run-off on-site, improve surface water quality and reduce downstream flooding. In addition, Comanche and Little Chico Creeks, which had been thought to have sufficient capacity, are now at or exceeding capacity. Additional development in the southeast quadrant of the City will be required to engineer alternative systems, such as detention ponds to mitigate impacts of runoff on-site.

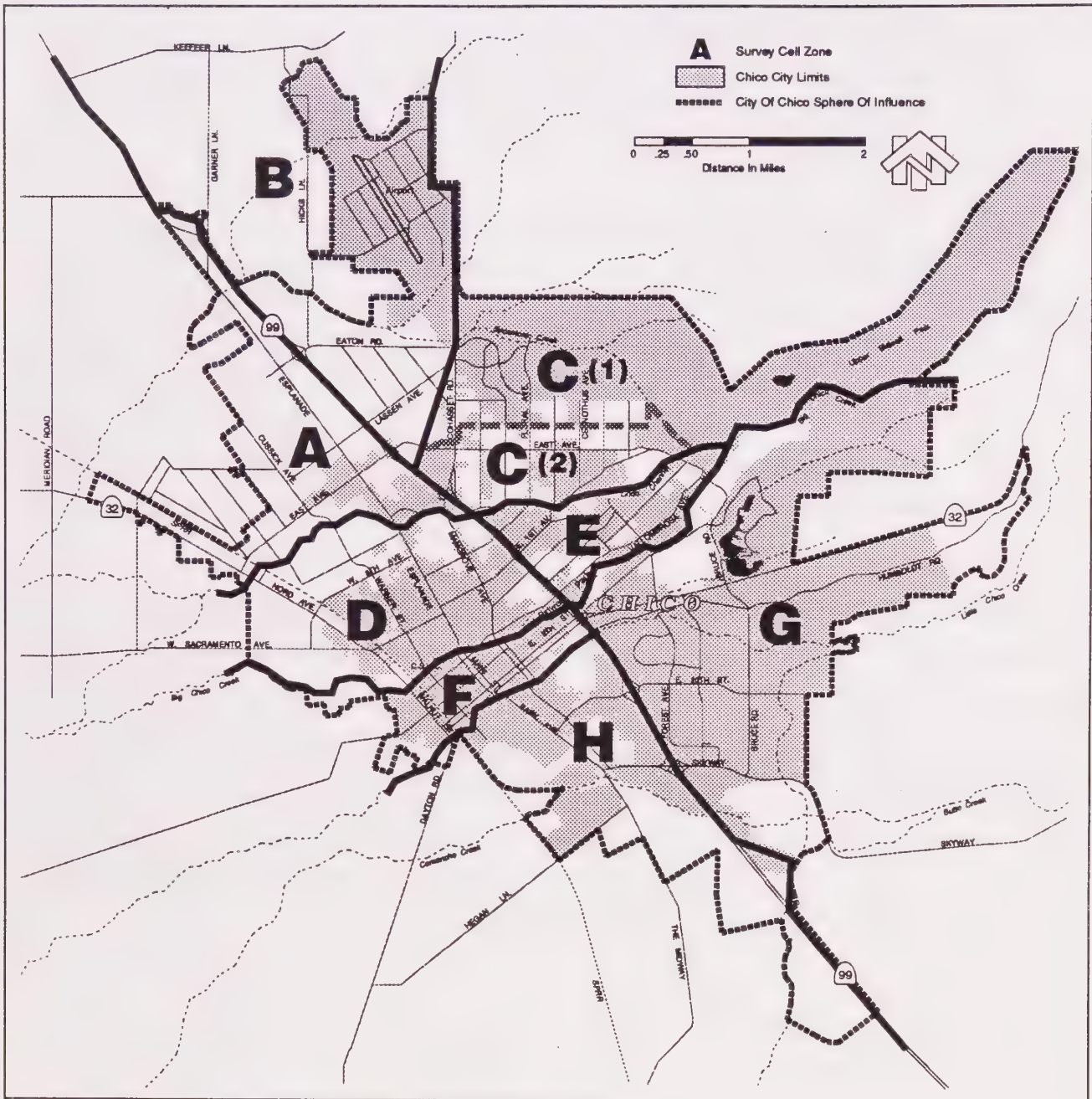
2 LANDS TO ACCOMMODATE OFF-SITE CONSTRUCTED HOUSING

In addition to the land use designation as contained in the General Plan Holding Capacity Analysis previously discussed in this section, there are areas which have been zoned for mobile homes and manufactured housing. In addition to those sites which have been specifically zoned for these types of use, the Chico Municipal Code allows for mobile home parks in all zoning districts with a Use Permit.

The County permits the placement of off-site constructed housing on permanent foundations in all residential zones and mobile homes in many. The City should amend its code to permit such housing on permanent foundations on individual lots in all residential zones.

Map 3.3

'91 CHICO AREA LAND USE SURVEY CELL ZONE MAP

**Vacant Residential Land (Total Acreage)**

Zone A	Zone B	Zone C(1)	Zone C(2)	Zone D	Zone E	Zone F	Zone G	Zone H
RR 175.1	RR 0.0	RR 0.0	RR 0.0	RR 6.4	RR 0.0	RR 19.0	RR 150.6	RR 107.5
LDR 451.3	LDR 247.7	LDR 183.7	LDR 345.6	LDR 198.4	LDR 58.2	LDR 0.5	LDR 1700.7	LDR 18.1
MDR 76.1	MDR 33.7	MDR 3.6	MDR 3.6	MDR 4.1	MDR 0.0	MDR 0.0	MDR 243.6	MDR 0.0
HDR 31.3	HDR 0.0	HDR 0.0	HDR 0.0	HDR 5.2	HDR 0.0	HDR 2.0	HDR 364.8	HDR 2.7

Prepared By The City Of Chico Planning Division 04/92 CDS

Key: RR - Rural Residential (.5 to 4 D.U./Acre)
 LDR - Low Density Residential (6 D.U./Acre)
 MDR - Medium Density Residential (14 D.U./Acre, 30 BDR/Acre)
 HDR - High Density Residential (25 D.U./Acre, 60 BDR/Acre)

H. CONSTRAINTS TO DEVELOPMENT OF HOUSING

Because housing is a fixed asset with a life of 30 to 50 years and is an integral part of the community where it is located, it is essential for the community to exercise reasonable influence over its location and production.

The question is not whether the local government, representing the community, is regulating housing, the question is whether the regulatory action is counter-productive in terms of increasing the cost of and/or hindering housing's integration with the other essential services of the community.

1. GOVERNMENTAL CONSTRAINTS

Although there are several components of housing production which are beyond the control of local government, such as the cost and availability of mortgage capital, labor, and materials, there are key elements which are directly controlled by local government and are, thus, legitimate subjects of inquiry for the Housing Element. Governmental constraints are those imposed by the government which either limit the number of housing units to be built or increase the costs of those units which are built. Constraints increase costs by either adding direct specific expenses, such as street improvements or development fees, to the cost of a housing unit, or by increasing the time necessary to build the unit, thereby increasing the builder's incidental costs such as interest payments or labor costs. All costs are ultimately passed on to the occupant of the housing unit either in higher mortgage payments or rent. Governmental constraints can be classified in three basic categories: those which impose regulation, those which add direct costs and those which result in time delays. Regulations and time delays result in increased costs, but they cannot be calculated as easily as direct costs such as fees. The most obvious and significant factors falling within the influence of local government are:

a. Land Use Controls

Land use controls can affect the cost of housing if they artificially limit the supply of land available for development and/or limit the type of housing that can be built in a city to certain types which are less affordable. The General Plan and Zoning Ordinance which implements the General Plan are tools used by cities to guide the development of land, including regulations for location, density and intensity. The City of Chico's land use designations allow for a range of housing types. Land use and density categories are sufficient and match well with local housing need.

Land use controls which can impact a city's ability to provide affordable housing include open space and off-street parking requirements. Because these on-site improvements are land intensive they increase the cost of land development by reducing the unit density while adding landscaping and parking area development costs. Open space and parking standards are typically determined by surveying similar communities and what the local experience has indicated is appropriate. The City of Chico off-street parking requirements all residential land uses, reflects typical standards found elsewhere around the State, especially among similarly sized communities. The standard for apartment development is two spaces for two and three bedroom units with an additional space required for each bedroom above three. This standard provides for adequate off-street parking for tenants and visitors and permits emergency vehicle access and circulation.

Open space standards do not exceed those used in other cities of comparable size. Particularly, in Chico these standards reflect a strong community value in open space and the role it plays in the overall quality of life of the City's residents. Open Space standards for conventional lot-by-lot development is 60 percent open space. This requirement is inclusive of driveways, uncovered patios and swimming pools or other hardscape intended for outdoor use. In considering a minimal 6,000 square foot lot, a home would need to be in excess of 2,000 square feet to exceed this standard. Planned development procedures provide for the clustering of residential units and the concentration of open space for common use. Indeed, the City has consistently encouraged this type of development as one method of providing different housing types at more affordable levels.

An amendment to the General Plan or zoning ordinance involves relatively extensive review (including environmental review), notices and hearings mandated by the State. Processing time for an amendment takes at least 45 days and at the end of that period there is not assurance of approval. It is worth noting, that the City is in the process of updating its General Plan and will complete this task within this Housing Element cycle. Land use issues will be among the most important issues addressed.

b. Building Regulations

Building standards are essential to ensure safe housing, although some codes and standards may constrain the development or preservation of affordable housing. The City of Chico has adopted the Model Codes consisting of the Uniform Building Code, Uniform Fire Code, Uniform Mechanical Code, Uniform Plumbing Code, and the National Electric Code. The City operates a code enforcement program employing one full-time Code Enforcement Officer. Enforcement involves insuring that development within the City conforms to the standards contained in the Chico Municipal Code, which includes the above Uniform Codes by reference

• **Local Exceptions to Uniform Codes**

The City of Chico enforces the Uniform Codes noted above, notwithstanding adherence to the following exceptions:

- CMC 16R.02.020 - Allows the continued use and occupancy of habitable space within a dwelling unit with a ceiling of less than seven (7) feet, if the room is equipped with or served by a device or devices capable of detecting products of combustion and approved by the Fire Chief.
- CMC 16R.02.025 - Modifies UBC requirements for parapets by not requiring parapet walls on single family homes under certain conditions where the UBC would otherwise require them.

City Codes do not include any other exceptions from the UBC which affect residential construction. The impact of the modifications clearly is to encourage habitable dwellings where they might otherwise be prohibited.

• **Housing Rehabilitation**

Coordination between the housing rehabilitation program and building code enforcement is maintained by the City. The City staffs a housing rehabilitation specialist who works with homeowners and contractors to ensure cost effective rehabilitation. Rehabilitation projects are inspected by the City using qualitative criteria. All rehabilitation improvements done by the contractor must meet Uniform Building Code standards. It is , however common for certain features of the rehabilitated dwelling to remain in non-compliance with the UBC, if they do not pose a health and safety risk to the occupants.

c. On- and Off-Site Improvements

The City requires the provision of certain on- and off-site improvements in conjunction with residential development. These improvements include compliance with street improvement standards including the provision of fire hydrants, street lighting, storm drainage and sanitary sewer facilities. California Water Service extends water mains and service lines within the urban area. As noted above the City is updating its General Plan which will include community design policies. The update will include a review of the City's street improvement standards which may result in changes to the Chico Municipal Code. It is not known at this time what changes will be proposed. Program 15 provides for review of its design criteria and improvement standards expressly for the purpose amending those standards which result in excessive cost without providing necessary benefits. This review will follow adoption of the updated General Plan.

d. Permits and Fees

Development fees can be assessed against residential projects as a means of providing funding for capital improvements necessitated by the cumulative demand of residential development. Such fees are typically imposed as a condition of subdivision, but can be included in those fees collected at the time of issuance of building permits. Improvements frequently considered for financing through development fees include schools, parks, storm drainage and transportation facilities (traffic signals, street widening, bicycle paths, etc.). The City of Chico has adopted the fees listed in Table 3.30 to offset the cost of improvements due to growth in the community. All fees are based on a nexus study conducted by the City to determine the actual cost of providing services. The fees charged to new development are similar to fees charged for other communities in the North Valley.

While the City's development fees increased from \$7,044.66 to \$11,209.25 (59%), development fees on an annual basis remained virtually a constant 7 percent of the average assessed value of the typical 1,500 square foot residential unit. During the same period of time the average assessed value, of the same home, increased \$53,836 (52%) as a result of market forces. This increase had a far greater impact on the affordability of single family residences compared to increases in fees. Thus market forces accounted for approximately 92% of the total increase in the cost of the typical single family home, with development fees responsible for the remaining 8%. Development fees are necessary to provide a minimal level of service insuring the welfare and safety of the community. Alternative forms of funding are needed to support local services and to fund affordable housing. Reducing impact fees would simply defer maintenance and development of infrastructure and services resulting in higher long-term costs to the City and its residents.

Table 3.30
DEVELOPMENT FEE COMPARISON

Year	Plan Check Fee	Permit Fee	Sanitary ¹ Sewer Fee	Storm Drain	Street Facility Fee	Park Fee	CUSD ² School Fee	Development Fee—Total	Assessor's ³ Valuation	Development ⁴ Fee Percentage of Valuation
1987	363.40	678.20	2,854.00	399.00	500.00	0.00	2,250.00	7,044.60	102,500.00	6.8%
1988	363.40	678.20	2,970.00	406.00	1,331.00	0.00	750.00	6,498.60	105,000.00	6.2%
1989	375.10	696.60	3,034.00	413.00	1,334.00	1,199.00	840.00	7,891.70	140,000.00	5.6%
1990	388.88	710.40	3,144.00	420.00	1,382.00	1,358.00	870.00	8,273.28	160,000.00	5.1%
1991	630.90	1,098.35	3,168.00	426.00	1,404.00	2,112.00	2,370.00	11,209.25	160,000.00	7.0%

Source: Building Division/Chico Unified School District

¹Includes trunkline, sewer main and water pollution control fees.

²School fees provided by Chico Unified School District.

³Valuation provided by Butte County Assessor's Office/Chico Board of Realtors. Based on an average three (3) bedroom home.

⁴Based on 1500 sq. ft. house with 400 sq. ft. garage.

e. Public Services and Facilities, Sewer, Water

•Wastewater Treatment

Wastewater collected in the City Sewer Service Area is transported to the Chico Water Pollution Control Plant. Flows reaching the plant are presently less than its reliable treatment capacity. The City is currently expanding the capacity of the plant. The expansion will be complete by 1995.

•Water Supply

The California Water Service Company (Cal Water) service area includes the entire Chico Sphere of Influence. The Chico area water distribution system includes 62 deep wells and fire storage tanks to boost water pressure when necessary. The system can supply about 89 million gallons per day. Peak demand has reached only 40 million gallons per day.

•Gas and Electricity

The Pacific Gas and Electric Company provides gas and electric service to the City of Chico. The company charges new developments for extending service and trenching utility lines. Most of these fees are refunded according to regulations set forth by the California Public Utilities Commission.

•Public Services

Law enforcement and fire protection services are adequate and are planned to provide increased services as the population in the City of Chico grows. These services are provided for the City of Chico, not the unincorporated area. The Chico Unified School District has a plan to accommodate growth for a five year planning period.

f. Federal and State Actions

Various State and Federal policies can have significant impacts on the affordability of housing. Most important of these policies are those Federal monetary policies which influence interest rates. Interest rates affect both construction costs (construction loans) and long-term mortgage costs, thereby having a significant direct impact on the affordability of housing (California Statewide Plan Update, 1990,24). Although interest rates are below the 13-14 percent range of the early 1980s, they are not expected to return to the 5-6 percent range of the 1950s and 1960s.

Changes in both State and Federal policy have severely limited the availability of low interest rate loans and tax credits for rental housing development. The Federal government has also significantly reduced its involvement in direct subsidy and construction programs to meet the housing needs of low and very low income households.

g. Article XXXIV

Article XXXIV of the California State Constitution requires state public bodies to obtain voter approval before they "develop, construct or acquire low income rental units" (California Department of Housing and Community Development, 1980). This legislation can cause a constraint to the development of affordable housing unless the community submits a referendum to the voters allowing the development of affordable units. The other approach would be to structure the financing of affordable units so as to not to require Article XXXIV referendum.

To provide authorization for low income projects, the voters of the City of Chico approved 500 units in March 1977 and an additional 250 units in November 1979. Of the total of 750 units approved, 250 units were specifically allocated to the Butte County Housing Authority (BCHA). 50 of the units allocated to the Housing Authority have been developed and a 60 unit project is pending. Of the remaining 500 units, 370 have been constructed, with another 72 units allocated, leaving 57 units available for development under the referendum authorization. The City is placed a measure on the June 1992 ballot for 500 units which was defeated. The City is considering a similar measure for 1993.

h. Project Review Process

Prior to the physical initiation of any project, that project is subject to at least one review (building permit plan check), and potentially, depending on the scope of the particular project, a myriad of reviews. While there are application fees for the different reviews which are passed on to future home owners, the major "cost" involved in the review process is the time involved to comply with requirements of the review process. The City's project review processes are frequently criticized as taking too much time to complete, resulting in costly delays. Among the criticism are assertions that the City's review of a project is substantially longer than a similar review by another agency, standards and regulations are applied inconsistently, the process lacks flexibility to handle special situations, numerous (rather than single) revisions are often necessary before a project is approved, and requirements imposed by different departments/divisions, boards, councils, and commissions are conflicting or misleading.

In response to these concerns, the City has established a Development Review Committee to review preliminary project proposals and provide timely comments prior to submittal of working drawings. The DRC has been widely praised by design professionals and developers. The weekly DRC meetings are available at no cost and provide an informal meeting environment at which City development review staff and utility providers review and respond with written comments to preliminary project plans. This process has reduced the number of plan revisions needed as a result of the plan check process. It is also worth noting that the City has contracting with a consultant who is conducting an organization study. The

purpose of this study is to recommend actions the City can take to improve its efficiency and productivity within the current budget constraints. It is anticipated that changes to the structure of the Community Services Department will have a positive impact on the development review process.

In addition to the above study, the City Manager has established five ad hoc staff task forces responsible for developing recommendations on staff training, customer service, administrative procedures, equipment replacement, staff performance evaluations and employee recognition. The result of these efforts will be to improve the City's service to the community and continue to proactively increase the efficiency of the development review process. Compared with other cities in Northern California, Chico's development review process ranks similarly in processing time. Development review has increasingly become a complex, regulatory process. Chico continues to seek ways that this process can be made more efficient without sacrificing the public's welfare or safety.

The City's various review procedures are summarized below. Development in the unincorporated area is subject to similar reviews and those County processes are summarized in the Butte County Housing Element of the General Plan.

•Environmental Review

After receipt of a project application or request for review of a City project, staff initially reviews the proposal to determine if it is subject to environmental review or exempt. If a project is exempt (ministerial reviews such as building permits do not receive environmental review), no further action is required, and the application is processed without restriction by environmental review time limits. However, only relatively minor projects are typically exempt from detailed review.

If the project is subject to further environmental review, staff prepares an Initial Study (or environmental evaluation) to determine the potential environmental impacts of the project. The Planning Director then determines, based on the study, whether an Environmental Impact Report (EIR) or negative declaration is to be prepared. The Director may also require the submittal of additional information, such as a traffic or storm drainage analysis to justify the determination.

The minimum time required to prepare a negative declaration, and make it available for public review and comment is 30 days, although 45 days is more common. If additional information is requested the time frame is extended by the time necessary to prepare that information. The overall time frame includes a State mandated 21 day review period (30 days for projects requiring State review and/or approval) and lead time required for providing notice and preparing the evaluation.

If a determination is made that an EIR is required, there is no typical time frame. The time to prepare the EIR is dependent on the complexity of the project and issues involved. Time periods will range from an absolute minimum of 6 months (highly unlikely) to several years.

The environmental review process requires the decision making body (City Council or Planning Commission) to review and certify the environmental documentation in making their final decision on a project. In order to expedite the process, staff routinely processes the environmental review at the same time the project is being reviewed by staff and scheduled for public hearing. In general, this saves the project applicant 30-45 days of processing time. However, under the Code, the environmental determination of the Planning Director is appealable to the City Council and, in the event an appeal is filed, application processing is delayed by approximately 30 days.

Again, it must be emphasized that all projects require environmental review at some level, including not only private projects, but all City projects and many City actions as well, since these actions are defined as projects.

•General Plan Amendment

A General Plan Amendment can be initiated by the Planning Commission, City Council or a private applicant. There are no required time frames for the processing of a General Plan Amendment other than the overriding limitations imposed by the State Permit Streamlining Act (adopted locally as CMC 2.74 et. seq.), which provides that all applications will be processed within 6 months after the adoption of a negative declaration or within one year if an Environmental Impact Report (EIR) is required to be prepared.

Once environmental review is completed, the Planning Commission schedules a public hearing and typically will decide the issue within 60 days of receipt of the complete application. The proposal is then forwarded to the City Council and further public hearings are scheduled. The City Council action is usually completed within 90 days after initial submittal of the application -- assuming a negative declaration is approved.

•Prezone/Rezone

A prezone or rezone may be initiated by the City Council, Planning Commission or applicant. It is subject to the Permit Streamlining Act time frames and is subject to environmental review as discussed above. Once the process is complete, a public hearing is scheduled before Planning Commission, with action typically occurring within 45 days of receipt of application. Once the Planning Commission has made its recommendation, the item is scheduled for hearing before the City Council, with final action typically occurring 60-75 days after initial receipt of the application.

•Use Permit/Variations

Use permits and variations are initiated by an applicant and subject to environmental review. There are two types of use permits and variations. The first are administrative permits approved directly by the Planning Director after providing public notice. These permits are for minor projects and are almost always exempt from environmental review. Typical processing time is 30 days, or less. These permits may be appealed to the Planning Commission, in which case the processing time is the same as for any other use permit or variation.

All other use and variation permits are heard by the Planning Commission. Typically, these hearings occur within 30 days of submittal of a complete application. Unless appealed, the Planning Commission decision is final and the permit is approved or denied. Should an applicant or affected party be dissatisfied with the Commission's action, then an appeal is made to the Appeals Board within 15 days of the action. The Appeals Board then has 45 days in which to render a decision, which is referred to the City Council at the next regular meeting and placed on the consent agenda for ratification, unless the permit is removed for further discussion (four affirmative votes of the Council). If Council removes the item for further discussion, typically the appeal is heard and decided 15-30 days after it appears on the Council Consent Agenda. If the item is appealed, the total period for final resolution is 90-105 days; but often much less.

•Subdivision/Parcel Maps

Subdivision applications have the most extensive and technical requirements for a complete submittal. Applicants who utilize the Development Review Committee process, are usually able to better determine the extent of information required for a complete submittal because of the initial informal review with staff and utility representatives. Once a complete subdivision application is submitted, State law requires the City to complete and make an environmental determination within 50 days. The Planning Commission usually considers a subdivision map 30 days after environmental review has been completed and noticed for public review. Continuance of consideration of a subdivision may occur only with the consent of the applicant.

Subdivisions which require a modification of City standards or when an appeal of the Planning Commission decision is filed, are considered by the City Council within 30 days of Planning Commission consideration. The 30 day period is set by State law and may be extended only with the consent of the applicant.

•Boundary Line Modification/Minor Land Division

These minor subdivision applications are administratively approved by staff within 30 days of submittal of a complete application, unless an appeal is filed. An appeal of staff approval is considered by the Planning

Commission in 15-30 days, and if further appealed, considered by the City Council in an additional 15-30 days. Most of these application are exempt from environmental review.

•Development Review Committee/Architectural Review Board

The lead time for the Development Review Committee is 7 days; 10 days for the Architectural Review Board. The Development Review Committee meets weekly and the ARB meets the first and third Wednesday of each month.

2 NON-GOVERNMENTAL CONSTRAINTS

As expressed earlier, housing development involves many varied participants, any one of which can effectively slow or stop production. Frequently the market creates its own impediments. In such instances there is generally little that local government can do to correct market imperfections, such as labor management difficulties, poor contractor/sub-contractor relationships, or materials shortages caused by trade disputes. In other instances market impediments are caused by government, but cannot be alleviated by local government. For example, federal monetary policy will directly affect the supply and cost of mortgage capital and state energy policies will directly affect the supply of and demand for insulation.

There is much public concern about the rapid escalation of housing prices. While government regulations contribute to an extent to this upward spiral, as do the forces of inflation, an often overlooked reality is the influence of the market itself—buyers and sellers—upon housing prices. For example, the second time home purchaser repeatedly rejects "basic" houses, preferring instead the dwelling with substantial amenities and other extras. This is a reaction to the fact that a family's home is usually its largest, if not only, financial investment (savings).

Areas of major non-governmental constraint concern are listed below.

a. Land Availability

Chico has an abundant supply of vacant residential land for development. As shown in Map 3.3, much of the vacant land is located in the south eastern portion of the City limits. Vacant residential land to support a maximum of 18,815 people exists under current zoning within the City limits (refer to Tables 3.27 and 3.28). Much of this vacant residential land has constraints that limit development potential, including lack of available services and environmental constraints. Residential land readily available for development after applying the criteria noted below under environmental constraints could support approximately 6,790 new housing units, over 2,500 units more than projected by the regional housing allocation. Land available for development of low income housing (medium and high density residential land) could accommodate in excess of 1,400 units over the approximate 1,900 unit projected need. Large vacant

sites zoned or otherwise committed to multiple family housing are shown in Map 3.4. Again, these sites fit the strict criteria listed below.

The projected regional housing allocation demonstrates the need for 4,161 units from 1991 - 1997. Chico's supply of vacant residential land is more than adequate to meet the total housing need. The vacant residential lands are distributed across the entire range of densities and locations, making them well positioned to meet the housing need described in this element (refer to Table 3.28). The environmental constraints section below further expands this discussion regarding availability of land for multiple-family residential development.

b. Construction Costs

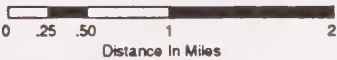
To dramatize the unaffordable nature of new construction in Chico, the following example demonstrates that even an apartment sized house cannot be constructed at an affordable level. Discussions with new residential developers indicate a typical construction cost of about \$50 per square foot, resulting in \$42,500 in "hard costs" for an 850 square foot apartment or condominium, a very small unit by today's standards. Assuming improved land costs of \$50,000 per unit, the finished unit would cost a minimum of \$92,500 without accounting for profit or the cost of construction financing. Assuming the unit sold for \$100,000, debt service on this amount would require rent payments of \$850 per month (excluding other housing costs). If a homeowner were to make a down payment of 10 percent on a \$100,000 house, a mortgage of \$90,000 would be required. Debt service on this amount (assuming a 30 year mortgage at 10 percent interest) would average about \$790 per month. Comparing these figures to Chico's current income profile, the average household in the City would not even be able to afford this small unit.

'92 CHICO AREA RESIDENTIAL LAND SUITABILITY MAP



'92 CHICO AREA RESIDENTIAL LAND SUITABILITY MAP

- A** Survey Cell Zone
- Chico City Limits
- City Of Chico Sphere Of Influence
- Vacant Medium & High Density Residential Sites of 1 Acre or More



c. Availability of Financing

In the wake of the savings and loan crisis, credit has been less available and more difficult to qualify for than in the 1980s. The current phenomenon is not particular to Chico, nor does the City have the capacity to improve the lending environment. Currently interest rates are at their lowest levels in 15 years. This has stimulated the housing market. The availability of financing is not considered a constraint unique to Chico.

Since 1989, the City has operated a down payment assistance program for first time homebuyers and to date 50 families have been assisted. In addition 36 households have participated in the urban self help program. These two programs have provided the City with an opportunity to work with the local residential lenders. This experience indicates that residential loan funds for homeownership are available in all neighborhoods. There is no evidence of redlining either overt or subtle. One program being considered is the establishment of a lending pool that could underwrite borrowers that do not meet the institutionalized standards.

Developers of multi family housing do complain that construction financing is not available or available at a reasonable cost. The fluctuations in rates and availability is a macro economic variable and not within the influence of the City. The City is evaluating the feasibility and appropriateness of using its Low and Moderate Income Housing Fund to provide construction financing.

d. Environmental Constraints

Since adoption of the previous Housing Element in 1986, additional environmental issues have been identified which effect development. Major planned development in southeast and northeast Chico have been impacted most. These areas are characterized by a thin mantel of hydric soils overlaying lava cap, creating shallow drainages, vernal pools and arroyos. These formations are generally categorized as wetlands, requiring authorization of the Army Corps of Engineers and in some instances, the State Department of Fish and Game prior to development. The land suitability analysis above, reflects mostly these constraints within the southeast and northwest portions of Chico. The City has approached this analysis by taking the most conservative position possible. The following criteria was used to categorize medium and high density residential sites which would be suitable and available for development within the planning period (1991-1992).

- a. The site is appropriately designated and /or zoned for medium or high density residential development.
- b. The site is vacant or is significantly underdeveloped and does not require redevelopment.

- c. The site is unconstrained by current environmental issues, such as wetlands, rare and endangered plant species, etc.
- d. The site has public facilities and services available or such facilities can be extended in a timely and cost effective manner.
- e. The site is larger than one acre in size.

Although this conservative methodology places a majority of the land designated for medium and high density residential use (approximately 900 acres) in categories not readily or moderately developable, it clearly shows that over 230 acres remain which provides a vacant land surplus of over 40% of that needed to meet the City's regional housing allocation. It is also worth noting, that land categorized as "readily developable" is located within the city limits. Even in instances where "moderately developable" sites may exist outside the city limits, current development policies require connection to city sanitary sewers prior to development. Sanitary sewer trunk lines extend through much of the urban area allowing sites not within the City to connect to the system and develop despite being unannexable. Moreover, it is highly unlikely that all lands currently impacted by environmental constraints will remain, all or partially, undevelopable for the extent of the planning period.

Current factors affecting the ability to produce multiple family housing units include a vacancy rate in excess of 8%, a slumping economy and construction industry and a reduced availability of construction and long-term financing for this sector of the market. This lack of apartment construction in the short-term will be partially off-set by the higher vacancy rate which has reduced rents in recent months.

In addition, the City is engaged in a comprehensive update of its General Plan and will evaluate land use needs and scenarios in that process, addressing the housing needs of the community over a 30 year period. It is the City's position that adequate supplies of land for all residential needs currently exist and that additional land will be identified or become available during the planning period.

Other environmental constraints include soil contamination, agricultural land preservation, surface and groundwater quality, flooding, hillside development and air quality and are discussed below.

•Soil Contamination

Approximately 50 to 60 acres of land in southeast Chico is impacted by this constraint. This area was used as a landfill in the past and has been found to contain elevated lead levels. A portion of this land is designated for commercial use and will not effect residential development.

•Agricultural Land Preservation

The agricultural greenline was drawn in 1983. The greenline marks Chico's Sphere of Influence on the south and west and protects prime agricultural land from further encroachment by urban development. Jointly adopted by the City and County, development was directed to the southeast and northeast where poorer agricultural soils exist. As noted above, however, these soils support other environmentally sensitive areas.

•Surface and Groundwater Quality

The City has traditionally disposed of urban storm water run-off through underground systems which carry it to one of five waterways that pass through the Urban Area. Among the issues of concern are downstream flooding and the protection of the fish and wildlife habitat provided by these waterways. The creeks and channels also provide corridors for linear parks which have been or are planned to support passive recreation opportunities. Alternatives to conventional storm water management systems are being evaluated.

Protection of the groundwater resource is important since the deep aquifers beneath the area supply all of the City's drinking water. Planned development areas along the foothill portions (eastside) of the City are being studied for value as recharge areas for these aquifers. Analysis of the aquifers is also being conducted to determine storage capacity and the short and long-term impact of the drought.

•Air Quality

The Chico Urban Area has been identified as a carbon monoxide and ozone non-attainment area. In compliance with the State Clean Air Act, the City has prepared CO and Ozone Attainment Plans establishing mitigation measures designed to comply with Clean Air Standards.

I. HOUSING PROGRAMS

1. Assessment of Previous Housing Element Objectives (1986-1991).

Chico has achieved a moderate degree of success in meeting the housing goals set forth in the 1986-1991 General Plan Housing Element. An assessment of the effectiveness of each program, continuing needs, and recommended 1992-1997 programs to provide for the continuing needs, are outlined below.

Program 1: Housing Condition Survey

Previous Objective: To conduct a comprehensive survey of all housing within the City to identify locations and concentrations of substandard housing.

Evaluation: The City Council appropriated \$15,000.00 in the 1990-91 budget to conduct a housing inventory and condition survey. The City Planning, Building and Housing Offices conducted a housing condition survey of the older City neighborhoods in August, 1991. Approximately 13% of the 12,000 housing units surveyed were identified as needing rehabilitation.

Continuing Need: This objective has been accomplished, however a need exists to maintain an on-going means of measuring the condition of Chico's housing stock.

Recommended Program: Refer to Programs 32 and 33

Program 2.1: Neighborhood Preservation-Rehabilitation

Previous Objective (a): To continue the City's program for rehabilitating substandard residential units occupied by low and moderate income households qualifying under federal guidelines.

Evaluation: Since adoption of the Housing Element in 1986, the City Development Office has rehabilitated 33 housing units. The 25 unit per year estimate noted in the prior element was in error and should have stated 25 units for the planning period. The program was operated with a one-half staff person from 1986 to 1989 at which time a full time staff person was assigned. This increased staff commitment resulted in the City rehabilitating 33 units during the planning period. The City is an entitlement city under the Housing and Community Development Act of 1975 Community Development Block Grant (CDBG) program. CDBG funds are allocated to housing rehabilitation, community organizations providing services to low income persons, and to public improvements.

Previous Objective (b): To consider expanding the rehabilitation program to include non-owner occupied units occupied by qualifying households, subject to agreement with the owner limiting rents and occupancy. Such an expansion would require increase in funding allocation, or reduction in available funding for owner occupied rehabilitations.

Evaluation: The City continues to pursue this objective. Expansion to non-owner occupied housing units will require leveraging of increased funds. This may be feasible if additional federal funds become available. A federal program has been established which will provide funds to local governments for the purpose of combining and leveraging CDBG rehab and RDA low and moderate income housing funds.

Previous Objective (c): To consider expanding the rehabilitation program by increasing the qualifying income levels. Except for basic code corrections, funding of rehabilitations for households with incomes above the federally established maximums would be local.

Evaluation: This objective has been considered, however with a decreasing pool of funds available the decision has been made to continue to target funds to low income households. In order to expand the rehab program to moderate income households additional funding would be necessary.

Continuing Need: Although a majority of Chico's housing units have been constructed since 1970, those units built prior to 1970 represent a significant portion of the area's affordable housing stock. Under existing staffing and funding, the City rehabilitates 8 to 10 housing units a year. Although a relatively small number, this effort retains affordable owner-occupied housing which increasingly is becoming a precious commodity. During the 1980's, the City, for the first time, became predominantly a City of rental housing units (52%). This shift is the result of increased enrollment at California State University, Chico and Butte College and the increased difficulty of first-time home buyers to enter the home ownership market. In order for Chico to retain a balance of affordable owner-occupied and rental housing units, it will be necessary to continue programs such as the rehabilitation program.

Recommended Program: Refer to Programs 30 and 31

Program 2.2: Neighborhood Preservation-Rehabilitation Outreach

Previous Objective (a): To continue the publicizing of availability of rehabilitation funding to qualified households through the media, direct mailings and general referrals, as necessary.

Previous Objective (b): To intensify information dispersal in target areas with an identified concentration of substandard units by direct mailings, supplying information to referral agencies, and, possibly door to door contact.

Evaluation: The City Housing Office coordinates the housing program and outreach for the City. On a bi-annual timeline, the Community Housing Improvement Project (CHIP), under contract with the City, assists in outreach marketing through the following activities:

- a. Coordinate with special services groups, i.e., Meals on Wheels, Adult Protective Services (Butte County), Independent Living Services of Northern California, etc. On-going communication with these groups is maintained for the purposes of referring possible eligible clients to the program.
- b. Display adds in local newspapers.
- c. Special interest stories in local newspapers.
- d. Brochures distributed to various locations in the community.
- e. Door-to-door distribution of Information.
- f. Annual article in Chico Today publication (distribution to 25,000 residential addresses in Chico).

Continuing Need: Publicizing the rehabilitation program is necessary to inform potential qualified households and to increase the community's awareness of the program.

Recommended Program: Refer to Programs 30 and 31

Program 2.3: Neighborhood Preservation-Development Compatibility

Previous Objective: To protect existing residential neighborhoods from the adverse impacts of incompatible development by:

- a. Reviewing zoning designations for existing residential areas and, if appropriate, initiate rezoning to a more restrictive designation.
- b. Revise standards to restrict/reduce incompatible development.
- c. Strengthen standards and guidelines utilized by the Architectural Review Board so that incompatible aspects of development can be eliminated or minimized through the review process.

Evaluation: Since 1986, the City has processed three large neighborhood rezonings, one initiated by property owners and two by the City Planning Commission. Two of these rezones have occurred north of

CSUC, east and west of Warner Street, extending north to West 6th Avenue, and the other involved properties on both sides of Cactus Avenue, north of East Avenue. All three rezones have reduced residential densities, and in the instance of the area east of Warner Street (Citrus School Neighborhood), eliminated future multiple-family uses. The Citrus School Neighborhood and Cactus Avenue rezones were supported by residents desiring to preserve single-family and rural residential lifestyles, respectively. The Warner Street rezone (area west of Warner Street) was initiated by the City to reduce density and resulting traffic safety issues in the area. Likewise, the West Sacramento/Nord Avenue area was rezoned in 1990 to reduce traffic congestion and safety problems. The overall impact of these rezones has been to reduce the potential housing unit infill by several hundred units.

In addition to the above major rezonings, the City has processed many infill rezonings and prezonings which have, because of neighborhood concerns, resulted in lowered density to preserve compatibility between existing and new residential uses.

Continuing Need: The community has continued to be concerned about the compatibility of in-fill development within existing residential developments and the compatibility of new suburban development with Chico's older established development. A need has been expressed that standards reflecting the positive traits of older neighborhoods be required of new development. Such traits include, but are not limited to, pedestrian-oriented residential streets, increased setback or orientation of garages to reduce architectural impact and de-emphasize the presence of autos, reintroduction of residential streets as social linkage within neighborhood, increased mix of compatible land uses.

Recommended Program: Refer to Programs 5, 7, 35, 36 and 45

Program 3: Revenue Bond Issuance

Previous Objective: To use authority of the City and Butte County Housing Authority for the issuance of revenue bonds for financing residential development projects. Both single and multiple family housing are eligible for such funding. Issuance of bonds for multiple family development should be conditioned upon 10 percent of the units being available to very low households, 10 percent to low income households, and first floor units to be handicapped accessible. For the units restricted to very low and low income households, a maximum percent of income which can be paid in rent shall be established.

Evaluation: -Prior to the 1986 Tax Reform, Mortgage Revenue Bonds, or similar tax exempt financing mechanisms, were a significant incentive for housing production. From 1980 to 1986 over 700 units were

produced with tax exempt financing providing over 140 units (20%) that were assisted for low and very low income households.

After 1986 the assisted requirement was increased from 20% to 40% and interest rates stabilized, reducing this tool as a viable incentive. Since 1986, the City has assisted one project with tax exempt financing, the Sierra Sunrise Lodge. This project is a 125 unit congregate housing facility for seniors.

The City continues to consider revenue bonds as a tool to produce affordable housing and will assist developers interested in using this resource.

Recommended Program: Refer to Program 26

Program 4: Innovative Approaches to Housing

Previous Objective: To facilitate the utilization of innovative programs and approaches to providing housing at affordable costs. Such programs and approaches may include: self help housing construction, cooperative housing projects, off-site construction, land banking, small lot subdivisions and City provided technical assistance. City codes and standards will be modified to eliminate or minimize barriers to the implementation of innovative approaches, so long as minimum safety and community standards are not compromised.

Evaluation: Several of the above approaches and programs have been implemented by the City. Small lot subdivisions have been developed under R-2 Medium Density zoning, allowing 4500 square foot lots with 45 foot lot widths and zero lot line design. These standards increase affordability of single family homes through reducing land and off-site improvement costs per individual housing unit. Chico Housing Improvement Project has provided financial and technical assistance for several self help housing projects in the Chico area. Self help housing provides the opportunity to buy down or off-set purchase down payment with "sweat" equity.

City land use regulations provide for planned unit developments and mixed use development. The former option allows increased density and use of different housing types, i.e. clustered housing which can produce more affordable housing. Mixed use zoning allows residential use in combination with commercial or office uses. Although this approach could provide housing units in proximity to services and employment, it has not been used other than in small-scale projects.

The development of residential units above downtown retail shops has been studied, however most buildings are unreinforced masonry construction and will require costly engineering and retrofitting to comply with earthquake building and fire safety standards. If the City adopts a program to inventory and require compliance with seismic standards, consideration could be given to residential units above retail shops.

Continuing Need: Housing costs and rents continue to rise, creating formidable barriers to home ownership and requiring many households to overpay to find acceptable housing. Efforts to find innovative approaches to housing that meet the community's housing needs and keep housing more affordable should be sought.

Recommended Program: Refer to Programs 4, 5, 6, 7, 8, 15 and 25

Program 5: Subdivision Lot Sales

Previous Objective: Encourage the sale of improved subdivision lots to individuals for home construction.

Evaluation: Title 18 of the City of Chico Municipal Code (Subdivision Ordinance) requires that all off-site improvements be installed or bonded prior to recordation of a final subdivision map. Subdivisions within the unincorporated portions of the Chico Urban Area, requiring connection to the City of Chico sanitary sewer, must also comply with City subdivision standards. These requirements combined with the State Subdivision Map Act requirements result in uniform land costs. This factor and the presence of several speculative home builders in the area minimize the benefits lot sales to individuals for home construction.

Recommendation: No program carry over

Program 6.1: Handicapped Accessible Housing Survey

Previous Objective: To identify the extent of the population in need of handicapped accessible units, the type of unit needed and inventory existing accessible units.

Evaluation: The Housing Needs section of the existing Housing Element provides a discussion of the disabled population in the City and Urban Area. This discussion describes the Census Bureau criteria for reporting non-institutionalized disabled persons under two categories: work disability and public transportation disability. The definitions for both categories are provided. However, as noted, a direct correlation does not exist between either classification and those persons in need of specialized housing.

The analysis defines three disabled groups relative to housing needs: those persons requiring institutional or group care housing, disabled persons without a need for special adaptation of housing, and persons with such a disability as to require housing constructed and or modified specifically to meet their needs.

There are no specific records of the number of accessible units in the Chico Urban Area. Title 25 of the State Health and Safety Code mandates that a minimum of 5 percent of all new rental units be handicap accessible and that all first floor units be handicap adaptable. An accessible unit conforms to all handicap standards, including door and restroom hardware, hallway and door clearances, and access. Adaptable units meet similar requirements except that door and restroom hardware is not required, but construction must allow for installation of such hardware. All first floor units are required to be adaptable, and any additional floors, if elevators are provided. A review of 12 apartment complexes (1356 units) constructed, or in the process of being constructed, since 1988, indicates that approximately 48 accessible and 223 adaptable units have been provided.

Continuing Need: Although no specific data exists which provides the number of handicap persons in need of specialized housing, there is clearly a need to communicate between the City and agencies which assist handicap persons.

Recommended Program: Refer to Program 23

Program 6.2: Handicapped Accessible Housing-ClearingHouse

Previous Objective: Identify an agency/ies which serves the handicapped population and utilize that agency/ies as a centralized clearinghouse for referral of persons in need of accessible units and to provide information on City funding for rehabilitation of existing units to meet accessibility requirements.

Evaluation: Independent Living Center of Northern California provides a variety of services to handicapped and disabled persons. At this time, no formal relationship has been established between the City and I.L.N.C. to act as a clearinghouse for referral of persons in need of accessible units. However, the City has established funds through the private activity bond reserve bond program (Budget Policy D-1-B) for the retrofitting of rental units for handicap use. An applicant must apply to the Housing Office and obtain the property owner's concurrence. Owner-occupied housing units can be retrofitted through the existing City CDBG Rehabilitation program.

Continuing Need: A need exists to improve coordination of City information to handicapped and disabled persons and to assist groups and agencies assisting handicapped and disabled persons.

Recommended Program: Refer to Program 24

Program 6.3: Handicapped Accessible Housing Funding

Previous Objective: To provide a funding pool for direct assistance for handicapped persons to modify existing units for accessibility.

Evaluation: Refer to Program 6.2

Recommended Program: Refer to Program 25

Program 7: Elderly Housing

Previous Objective: To encourage development of a variety of housing options for the elderly through funding support (revenue bond issuance or other assistance) and application of development standards reflecting the specific needs of the elderly in housing. Where specific standards are applied to housing development for the elderly, restrictions should be adopted to prohibit its conversion to non-senior use.

Evaluation: Community-wide, the City has not developed a program to subsidize senior housing. However, the City has used RDA revenue bond proceeds to assist development of 'The Lodge' at Sierra Sunrise Village, a congregate care facility proposed to contain a total of 140 independent and assisted living units. The City has provided the development funds in exchange for guaranteeing availability of 25 units to low and moderate income persons. The units would be available for a minimum 30 year period, as required by laws governing RDA "set aside" funds.

In addition to the 'The Lodge', the City has issued Mortgage Revenue Bonds to assist in the development of the Sycamore Glen Retirement Center which was constructed in 1986 and contains 120 units, 20 of which are limited to low income residents.

Continuing Need: The special groups needs assessment indicates that a need exists for approximately 492 affordable studio and one-bedroom rental units for low income seniors within the five year planning period.

Recommended Program: Refer to Programs 4, 16, 17 and 18

Program 8: Temporary Housing/Emergency Shelter

Previous Objective: Through cooperation with existing agencies, establish a program to provide temporary housing and/or emergency shelter. The City will research funding alternatives, including redevelopment agency (RDA) funds, Community Development Block Grant, and state and federal grants/funds. Temporary housing programs to be considered include:

- a. Funding assistance to existing agencies.
- b. Through an existing agency, establish a foster housing program.
- c. Establish a temporary housing facility to be operated contractually by an existing agency.

Evaluation: Housing for transient, homeless and those seeking emergency shelter is currently provided by several organizations in the community. The City currently provides assistance to local organizations serving the homeless population in two ways:

1. Public service grants from the City's general fund and CDBG program to provide operating funds for organizations providing meals and/or housing vouchers to the homeless.
2. Financial assistance for the development of facilities to house the homeless. The City provides \$250,000 to the Community Action Agency to acquire and rehabilitate a motel to provide transitional housing. This project was also assisted by the Department of Housing and Community Development through the FESG program.

Organizations which assist persons with emergency housing, funded in the 1990-91 budget, include the Catholic Ladies Relief Society, Jesus Center and Northern California Legal Services. These organizations coordinate requests for housing assistance with the Butte County United Way/FEMA Emergency Shelter Program Local Board which allocates federal funds locally.

Location of a temporary housing facility remains as an outstanding need in the Chico Urban Area. Attempts to find and construct such a facility have met with neighborhood opposition and aborted projects. State housing law will require future element updates to include an assessment of the extent of homelessness in the community and identification of sites for transient/emergency shelter facilities. The Planning Commission, at its meeting of June 3, 1991, directed staff to draft proposed Code amendments related to the siting of such facilities and obtain advisory committee review and recommendation. In the fall of 1991, The Esplanade House was opened as a transitional shelter for homeless families, providing 18

living units. The Salvation Army shelter for homeless persons during Winter months at the National Guard Armory. An average of 30 to 35 persons have been served at this facility over the past two years.

Continuing Need: The needs assessment for this special group acknowledges that several types of homelessness exist in the City. Homelessness can involve persons in transition between permanent housing, who may require temporary or transitional housing and services in order to regain a more stable living situation. Households fitting this category of need may be those evicted from housing, families stranded or attempting to relocate in the area and without employment, and persons at-risk or homeless as a result of abuse. Other needs are for non-institutionalized persons suffering from mental illness and transient individuals or married couples without employment or shelter.

Recommended Program: Refer to Programs 19, 20 and 21

Program 9.1: City Codes: Design Criteria and Improvement Standards

Previous Objective: Subsequent to a comprehensive review, amend the City's Design Criteria and Improvement Standards which result in excessive cost without providing necessary benefits. Amend the standards to reflect current cost saving materials and technology. Standards should only be modified in consideration of:

- a. Ensuring that the change does not adversely affect the public health, safety or welfare.
- b. Long term maintenance costs versus short term saving.

Evaluation: The City conducted an extensive review of the street improvement and subdivision design standards in 1988. The evaluation resulted in minor changes to the standards.

Continuing Need: A need remains to undertake a comprehensive review of these standards to determine what, if any, standards result in excessive cost to the production of housing.

Recommended Program: Refer to Programs 15 and 45

Program 9.2: City Codes: Development Standards

Previous Objective: Standards should be examined to determine those which impede design alternatives without providing benefit. Such standards should be modified or eliminated.

Evaluation: Since 1986, Title 19 of the City Municipal Code has been comprehensively revised. Among those amendments having the most affect on housing policies was the reduction of residential densities

in the R-2 Medium Density and R-3 High Density Residential zoning districts, increased parking requirement for housing in the campus impacted area and restructuring of the Planned Development process. The PD process offers flexibility of design and increased density within all residential zoning districts. In exchange the developer provides added amenities, such as increased open space and recreational facilities and an enhanced design. It should be noted that although the medium and high density residential maximum densities were reduced, in practice, the decrease reflected densities that had been typically achieved under prior standards. RD-1, R-2 and R-3 have been modified to make the second unit easier to develop.

Continuing Need: The need to modify or eliminate development standards which reduce flexibility of housing design or innovations without providing off-setting benefits is an on-going concern. Particularly, as housing becomes less affordable, constant effort must be given to ensure that standards, are those minimally needed to provide for the community's health, safety and welfare.

Recommended Program: Refer to Programs 5, 7, 10, 34, 45, and 46

Program 9.3: City Codes: Design Guidelines

Previous Objective: Adopt guidelines for compatible project design meeting community standards as a part of the Chico Municipal Code. Such guidelines will provide criteria for project designers and standards for Architectural Review Board project evaluation.

Evaluation: In 1987, Architectural Review Guidelines were adopted by the City Council establishing guidelines for designers and standards by which the Architectural Review Board evaluates development plans. Standards for site, building and landscape design are contained in the guidelines. The guidelines do not set rigid design standards or define specific architectural styles, but rather attempt to provide basic principles of good design and minimum acceptable design standards. City staff and the Architectural Review Board are preparing a design manual which will describe and illustrate how the guidelines should be applied.

Recommendation: Refer to Programs 45, and 46

Program 10: City Fees Evaluation

Objective: Prior to adopting or amending fee schedules, the Council shall be provided with the impact such fee will have on monthly housing costs.

Evaluation: City fee schedule adjustments are made annually. Justification for such increases is generally linked to the Engineering News-Record Construction Cost Index and/or increases in processing time or operating costs. The impact of such fees on monthly housing costs has not been evaluated. It should be noted however, that it can be argued that development fees have an insignificant impact on housing costs, reasoning that housing cost is market driven and that development fees are reflected in the price of the land to the developer. A development fee is added to the cost of developing land and results in a reduction of per acre land value or project profit margin, and may not be passed on to the purchase price or rent of the housing unit.

Recommendation: Refer to Policy 2.6 and Program 6

Program 11.1: Permit Processing: Procedural

Previous Objective: To identify those processes which result in delays in project approval, and revise procedures to minimize delays in permit processing and approval.

Evaluation: Shortly after establishing the Community Services Department in 1985, an evaluation of the development review process was conducted, resulting in several changes to decrease duplication of review and shorten or streamline the review and approval process. Growing out of this effort was the Development Review Committee (DRC), a no-fee staff level review to provide preliminary comments on proposed projects. The DRC is attended by City staff from those departments and divisions directly involved in the project review process and representatives of the public utilities (PG&E, Cal Water, Cable TV, Pac Bell). Preliminary plans are submitted by the project proponent for discussion at the weekly meetings. A summary of the DRC comments is prepared by the Planning Office staff and sent to the project proponent and DRC staff.

This process has been well received by the development community. By providing preliminary review, in a timely manner, the developer is spared costly delays and plan revisions late in the plan check process. The City is currently conducting internal audits of its administrative procedures, public contact and materials used to communicate information to the public. Recommendations will be generated from the committee audits for implementation.

Recommendation: No program carry over

Program 11.2: Permit Processing: Streamlining

Previous Objective: To develop and implement a plan to streamline permit processing, including time lines for the different aspects of project review. Create a coordinating office for overseeing development permit processing. The plan will include a means of evaluating the effectiveness of the streamlining on a continuing basis.

Evaluation: In 1985, the Community Services Department (CSD) was formed, consolidating the building, DPW, engineering, planning, parks and operations and maintenance operations under the direction of a single department. This reorganization has reduced duplication of project review and increased staff communication, efficiency and productivity. Permit processing evaluations have been prepared periodically for the City Council and Planning Commission, and the CSD conducts on-going efficiency reviews. Although a plan per se has not been prepared, staff continue to monitor permit processing time, and provide procedures for streamlining plan checking of construction plans.

Recommendation: No program carry over

Program 11.3: Permit Processing: Standards

Previous Objective: Revise standards to provide additional information and clarity, minimizing conflicting interpretations and applications between applicants and staff.

Evaluation: The creation of the Community Services Department has prompted improved lines of communication between development review staff, reducing discrepancies in formation and interpretation of public policies and standards. CSD publishes a quarterly newsletter information bulletin which is distributed to all local developers, architects, engineers and large property owners. The newsletter provides a line of communication to disseminate changes and clarification of City procedures/policies related to property development, and to provide better coordination with the development community.

In addition to the above changes, City staff have provided improved information on brochures and applications requiring more detailed information at the application submittal stage. More complete information equates, generally, to less processing time. Refer to the discussion under Program 11.1 regarding committee audits.

Recommendation: No program carry over

Program 11.4: Permit Processing: Public Information

Previous Objective: Develop handouts and/or flow charts to be made available to applicants to explain the processing of an application and the items necessary for a complete application.

Evaluation: As noted under Program 11.3, City staff has revised Planning Office brochures and applications with updated information. These publications explain specific permit processes, i.e. land divisions, use permits, variances, rezones, general plan amendments and annexations, and provide the applicant with a list of items needed to submit a complete application. The Building Division also provides numerous handouts regarding an array of building, electrical, plumbing, parking, energy, handicapped, etc., code requirements. The Building Division recently prepared handouts listing items frequently missing from plan check submittals and a handout describing requirements for commercial and multiple-family residential plan check submittals.

Program 11.5: Permit Processing: Staff Approvals

Previous Objective: Develop guidelines and initiate Code amendments permitting review and approval of projects by staff, subject to compliance with development standards, minimizing need for consideration by Council, Commissions and Boards.

Evaluation: In 1987, amendments to Title 18 and 19 of the Chico Municipal Code contained provisions streamlining the review procedures for several permitting processes. Among these changes was the creation of the Map Advisory Committee, a staff level committee with authority to review and approve land divisions found to be in compliance with Title 18 and Subdivision Map Act requirements and standards. Although the Planning Commission has retained review of parcel maps and subdivisions, all other land division permits, i.e., boundary line modification, certificate of compliance, minor land division, require only administrative review and approval. Subdivisions, which previously required Council approval as well as Commission approval, now only require Commission approval, with the Council acting only in the case of appeal, or where modifications to the subdivision standards/design criteria are requested.

Also in 1987, the Architectural Review Guidelines were adopted which provide exemptions from the review of the Architectural Review Board (ARB). These exemptions include: single-family residences; changes to building interiors; construction, remodeling, alteration or other changes to existing or new buildings which have received prior approval of the Planning Commission or City Council in connection with a discretionary entitlement, unless ARB review was made a condition of approval, and minor alterations, enlargements, remodeling, repairs or other changes to an existing building. These changes

have reduced the workload of the Commission, ARB and Council and reduced the time necessary to process applications of a minor nature.

Recommendation: Refer to Program 45 and 46

Program 12: Equal Opportunity In Housing

Previous Objective: To provide a process for the resolution of allegations regarding housing discrimination by continuing to refer such actions to the Butte County Housing Authority, the responsible local agency.

Evaluation: The City of Chico continues to refer allegations of discrimination to B.C.H.A., however such incidents are rare. The Fair Housing Act was amended in 1989 adding several substantive provisions, including adding handicapped to the protected groups.

Recommendation: Refer to Programs 1,2 and 3

Program 13: Conserve Existing Affordable Housing

Previous Objective (a): Restrict the occupancy or sale of residences rehabilitated through the Community Development Block Grant program to owner occupants or other lower income households, or require repayment of rehabilitation loans at the time of sale. All such units shall be restricted.

Evaluation: The City rehabilitation program continues to be limited to owner occupants. CDBG loans are restricted to low and very low income owner occupant households and remain valid only while the residence is occupied by the applicant or other qualified household. Normally, unpaid loans are repaid at time of sale.

Previous Objective (b): Restrict the conversion of multi-family units occupied by elderly households to condominium ownership. Units occupied by elderly households which are converted to condominiums will be available to the elderly household through a long term lease (5 year minimum), with the total number of units so reserved not required to exceed 20 percent of the units in the project. Relocation assistance shall be provided to all elderly households displaced by the conversion of units to condominium ownership.

Evaluation: Sections 18.38.020 and 18.38.030 of the Subdivision Ordinance of the Chico Municipal Code and the State Subdivision Map Act contain provisions for long-term leases and relocation assistance for elderly, as specified in the above objective.

Previous Objective (c): Preserve existing Section 8 housing units by ensuring that adequate multi-family housing is available to meet market demands without eliminating Section 8 units. The city will continue to encourage the development of multiple family units so that such units will comprise fifty percent of housing units in the City, and the vacancy rate for such units shall not fall below five percent.

Evaluation: The City's efforts to preserve affordable housing has become more important because many assisted projects are approaching the end of their regulatory period.

The City has established working relationships with the Butte County Housing Authority and the local non-profit housing corporation. In the event an assisted project is threatened with conversion the City can respond quickly by evaluating the financial cost of preserving the units and working with a local sponsor to determine whether the project can be preserved. The has a local resource in its Low and Moderate Income Housing Fund but additional resources from federal and state sources.

Recommended Program: Refer to Program 28 and 29

2 THE CITY'S STRATEGY

a. Administrative Capacity

Recognizing that the economic and physical constraints mentioned are largely beyond a local jurisdiction's influence, the City is designing its strategy to maximize the use of its own resources.

The City has set up a Housing Office. The City will concentrate its available housing resources within this office. The Housing Office staff will administer the LMIHF and the CDBG Programs. In addition, staff will apply for funding from the state and federal governments when it is available and does not conflict with ongoing procedures.

The City not only recognizes the need for housing programs, but it is aware that such programs cannot be effectively integrated into the duties of general administrative staff.

b. Capitalizing Local Resources

The City, through the RDA, has issued a \$25 million bond with 20% of the proceeds going into the LMIHF. The bond has been structured so that the proceeds can be drawn down over a five year period. This strategy will result in \$7 million available for the LMIHF over the 5 years.

The debt service of the bond issuance is significant, but will not obligate the entire current tax increment. In fact, the expenditures by the RDA for public improvements and business assistance projects are scheduled to sufficiently increase the increment for the LMIHF in the near future to cover the bond's debt service.

c. Legislative Changes

One of the City's highest priorities is to work with other RDA's in the State to bring about legislative changes that will return discretion of the LMIHF to the community.

Specific legislative changes that need to be accomplished as soon as possible are:

- Remove the constraints on the LMIHF that make it impractical to provide public improvements to existing low income neighborhoods. The requirements that the owner of a site which is assisted with LMIHF must enter into an agreement to provide or maintain housing affordable to low and moderate income households is unworkable in an existing neighborhood.
- The recent legislative change that restricts an RDA from land banking a parcel for more than five years is another obstacle to local efforts. Many low income housing projects take 3 to 5 years to

develop. The typical low income housing project includes funding from State, Federal and local agencies. The inclusion of low income housing tax credits is also common. To be able to take advantage of these programs, the community must have sites and time. Land is a finite resource and its price is escalating.

Similarly, RDA's are responsible for efforts to promote a jobs-housing balance. To be effective in this, the RDA needs housing sites for the employees of the firms the City is recruiting.

3. HOUSING GOALS, OBJECTIVES, POLICIES AND PROGRAMS (1992-1997)

GOAL # 1 TO PROVIDE EQUAL HOUSING OPPORTUNITY AND ACCESS FOR CHICO CITIZENS REGARDLESS OF RACE, COLOR, AGE, RELIGION, NATIONAL ORIGIN, SEX, MARITAL/FAMILY STATUS OR HANDICAP. PROTECTED CLASSES AS DEFINED BY LAW SHALL BE COVERED BY THIS PROVISION.

OBJECTIVE: (a) Encourage and support the enforcement of laws and regulations prohibiting discrimination in lending practices and in the sale or rental of housing.

OBJECTIVE: (b) Remove regulatory constraints that impede equal opportunity to housing in the City.

POLICIES: 1.1 The City shall cooperate with non-profit organizations and other agencies to ensure equal opportunity and access to housing for all residents.

PROGRAM 1 To provide a process for the resolution of allegations regarding housing discrimination by continuing to refer such actions to Legal Services of Northern California, the responsible local agency. Assignment: Housing Office; Funding: CDBG; Time: On-going; Projected Units: N/A.

PROGRAM 2 The Housing Office in conjunction with Legal Services will provide workshops for tenants and landlords concerning Fair Housing and other relevant issues. In addition, flyers, press releases, official proclamations, and other activities will be conducted to maintain a high profile for Fair Housing.
Assignment: Housing Office; Funding: CDBG; Time: On-going; Projected Units: N/A.

PROGRAM 3 Coordinate efforts between BCHA and the City to further equal opportunity efforts. Assignment: Housing Office; Funding: CDBG; Time: On-going; Projected Units: N/A.

GOAL # 2 TO PROVIDE HOUSING AFFORDABLE TO ALL ECONOMIC SEGMENTS OF THE COMMUNITY.

OBJECTIVE: (c) Encourage more efficient use of land, public services and facilities which result in reduced development costs and affordable housing.

- OBJECTIVE: (d) Promote the development and conservation of lower cost multiple-family development.
- OBJECTIVE: (e) Strive to achieve economical and efficient development which produces quality, affordable housing.
- OBJECTIVE: (f) Encourage development incentives that result in production of below-market rate housing.
-
- POLICY: 2.1 Facilitate the use of federal and state programs which can assist in the development of new or purchase/rental of existing affordable housing.
- POLICY: 2.2 The City will consider permitting second units in new and existing single family neighborhoods.
- POLICY: 2.3 Continue to encourage the types of housing desired by households whose incomes are above the area's median household income.
- POLICY: 2.4 Facilitate the utilization of innovative programs and approaches to providing housing at affordable costs. Programs that should be continued or pursued include: self-help housing, cooperative housing projects, co-housing, off-site constructed housing, and City provided technical assistance.
- POLICY: 2.5 Develop and implement regulatory action that will advance the production of affordable units. Such regulations may include minimum, as well as maximum residential density and require General Plan and Zoning consistency.
- POLICY: 2.6 In special situations the City may waive or reduce development fees for projects affordable to very low and low income households.
- POLICY: 2.7 The City shall continue to assist residential development by providing current land use and zoning information to the public.
- POLICY: 2.8 Density bonus provisions shall continue to be viewed as a useful tool for creating below market rate housing.
- POLICY: 2.9 The City shall strive to maintain residentially designated and zoned sites within the urban area, particularly those appropriate for medium and high density residential development by discouraging incremental rezoning and/or General Plan amendments, which reduce readily or moderately developable sites below that needed to provide for the regional housing allocation and a surplus acreage of 20 percent to permit market forces to operate.

PROGRAM 4 Conduct a study to determine the feasibility of permitting second units within all residential zones. Any ordinance to allow second units should impose development standards which may include but not be limited to any of the following:

- a. Owner-occupancy of main or second unit.
- b. Restrict number of second units within neighborhood area or by block.
- c. Limit the maximum size and number of bedrooms.
- d. Required off-street parking for second units should be adjacent to alleys, where such facilities exist. In areas not developed with alleys, on-site tandem parking should be considered. On-street parking for the second unit may be considered where it is not feasible to meet required parking on-site and existing street improvements and the level of on-street parking use in the area permit such consideration.

Assignment: Planning Division; Funding: City Funded Staff; Time: 1992-1993;
Projected Units: 20.

PROGRAM 5 Prepare and consider an ordinance providing procedures for approving small lot subdivisions of 10 dwelling units or more where approval involves an increase in density above the maximum density permitted by the parent zoning district. The purpose of such an ordinance shall be to encourage developers to provide owner-occupied residential units affordable to households with gross incomes between 80 and 120 percent of the area median family income. This ordinance may include, but need not be limited to, any of the following provisions:

- a. Review and approval granted through an expedited process, such as a one-step planned development procedure.
- b. Application to subdivision proposals of 10 units or more.
- c. Provisions encouraging a mixture of housing types and sizes.
- d. Ensure that a minimum of 10 percent of the proposed units are affordable to the targeted households.
- e. The architectural style of affordable units should be compatible with the exterior appearance of the housing units in the subdivision and, to the extent practical, dispersed throughout the subdivision.

Assignment: Planning Division; Funding: City Funded Staff; Time: 1992-1993;
Projected Units: 20.

- PROGRAM 6 Implement State statutes regarding provisions for specialized housing and programs, such as density bonuses, second units and off-site constructed housing. Assignment: Planning Division; Funding: City Funded Staff; Time: 1992-1993; Projected Units: N/A.
- PROGRAM 7 Develop residential standards which encourage more use of cluster and mixed use development which provides higher density, efficient use of development and land best suited for preserving the area's natural resources. Assignment: Planning Division; Funding: City Funded Staff; Time: 1992-1994; Projected Units: N/A.
- PROGRAM 8 Explore feasibility of amending Titles 18 and 19 of the Municipal Code to allow duplexes on corner lots within all single family subdivisions as a permitted use subject to compliance with specified standards such as those noted below:
- a. Maximum lot size shall be 10,000 square feet.
 - b. Duplex units shall be architecturally compatible to surrounding residences as to bulk, scale, height, exterior materials and provision of garages.
 - c. Comply with development standards of overlaying zoning district, except as noted in these provisions.
- Assignment: Planning Division; Funding: City Funded Staff; Time: 1992-1994; Projected Units: 20.
- PROGRAM 9 Prepare and maintain a current inventory of vacant residentially designated and zoned parcels and the development potential of such parcels. Also, the City shall maintain a list of the current status of development projects in the City. This information shall be available to the public and updated at least twice annually. Assignment: Planning Division; Funding: City Funded Staff; Time: On-going; Projected Units: N/A.
- PROGRAM 10 The City shall revise its Zoning and Land Use Regulations and Subdivision Ordinance subsequent to a comprehensive review following adoption of the General Plan Update. All reasonable effort will be made to develop regulations which promote affordable housing while meeting other goals and objectives of the community. Assignment: Planning Division/CSD; Funding: City Funded Staff; Time: 1994-1995; Projected Units: N/A.

PROGRAM 11 Study the feasibility of increasing the Low and Moderate Income Housing Fund set-a-side of the RDA tax increment from the existing 20 percent to 30 percent to generate 50 percent additional funds for low and moderate income housing projects community wide. Assignment: Housing Office/RDA; Funding: City Funded Staff; Time: 1993-1994; Projected Units: 100.

PROGRAM 12 Study producing additional rental units affordable to very low and low income households by subsidizing owners of existing vacant units. Participating property owners will be required to restrict the unit while the household being subsidized continues to reside in the unit. The initial phases will be to study the implications of redevelopment law and relocation law for the program. It is anticipated that this will be completed by 1993. Assignment: Housing Office/BCHA; Funding: LMIHF; Time: 1992-1993; Projected Units: 20.

PROGRAM 13 Ensure sufficient Article XXXIV authority is available for low income projects requiring it. The City shall seek additional authority prior to or at such time that the number of authorized units remaining declines to fifty. Assignment: Housing Office/City Attorney; Funding: LMIHF; Time: As necessary; Projected Units: N/A (essential to other programs).

PROGRAM 14 Partnerships with both for profit and nonprofit developers whereby the City assumes an equity position, in contrast to a loan or grant, may offer an opportunity for the City to leverage its resources to greater degree. When the City considers a proposal for housing assistance this option will be explored. Its feasibility will depend on the type of project and other funding available. Assignment: Housing Office; Funding: LMIHF; Time: On-going; Projected Units: 100.

GOAL # 3 TO ENSURE A BALANCE RATE OF GROWTH BETWEEN HOUSING PRODUCTION, EMPLOYMENT AND PROVISION OF SERVICES.

OBJECTIVE: (g) Ensure that an adequate supply of housing is available as jobs increase.

OBJECTIVE: (h) To the extent feasible, balance employment opportunities with the provision of housing. Promote housing types which enable persons to live and work in Chico.

POLICY: 3.1 Infrastructure and service demands, including sanitary sewers, storm drainage, street improvements, utilities, schools and park facilities, generated by residential development shall be provided in advance or at the time such development occurs.

PROGRAM 15 Subsequent to comprehensive review, amend the City's Design Criteria and Improvement Standards which result in excessive cost without providing necessary benefits. Amend the standards to reflect current cost saving materials and technology. Standards should only be modified in consideration of:

- a. Ensuring that the change does not adversely affect the public health, safety or welfare.
- b. Long term maintenance costs versus short term saving.
- c. City versus property owner liability.

Assignment: Building Division/Planning Division/Engineering Division; Funding: City Funded Staff; Time: In conjunction with development of the Community Design Element (1992-1993); Projected Units: N/A.

GOAL # 4 TO ENCOURAGE A DIVERSITY OF HOUSING OPPORTUNITIES THAT SATISFY THE PHYSICAL, SOCIAL AND ECONOMIC NEEDS OF ALL CHICO RESIDENTS.

OBJECTIVE: (i) Ensure adequate land for housing construction to meet future needs.

OBJECTIVE: (j) Assist in the provision of housing for residents with special needs.

OBJECTIVE: (k) Promote the continued maintenance and enhancement of residential areas, both in terms of housing and public facilities.

OBJECTIVE: (l) Seek to provide emergency shelter for persons temporarily in need of such housing.

POLICY: 4.1 Encourage the development of lower-cost housing in new and existing single family developments.

POLICY: 4.2 Promote a mix of dwelling types and sizes in new residential areas; discourage the formation of new residential areas having a uniform housing type and size throughout.

POLICY: 4.3 Encourage adoption of a variety of mechanisms designed to assist the elderly to remain housing independent, such as shared-equity programs, co-housing, etc.

POLICY: 4.4 Seek and encourage the development of affordable housing for single-headed households.

POLICY: 4.5 The City recognizes the importance of and need to temporarily house the homeless and others in crisis situations.

POLICY: 4.6 Provide programs for identifying and developing adequate sites for emergency shelters and transitional housing.

PROGRAM 16 Encourage development of a variety of housing options for the elderly by providing funding support and application of modified development standards reflecting the specific needs of the elderly in housing. Where specific standards are applied to housing development for the elderly, restrictions should be adopted to prohibit its conversion to non-senior use. Assignment: Housing Office/Planning Division; Funding: City Funded Staff/HUD Section 202/LMIHF/ other State and Federal Programs; Time: On-going; Projected Units: 100.

PROGRAM 17 Investigate the opportunity to develop Single Room Occupancy (SRO) or other types of housing affordable to low-income elderly and other low-income households convenient to transportation and other support services. This program will require that an SRO ordinance and/or amendment of the City land use regulations be drafted for consideration. Assignment: Planning Division/Housing Office; Funding: City Funded Staff/HUD Section 202/RDA/LMIHF / other State and Federal Programs as available; Time: 1993; Projected Units: 100.

PROGRAM 18 The City Housing Office will provide technical assistance to organizations and individuals interested in development of elderly housing. Examples of technical assistance are assistance with identifying and preparing funding applications and site evaluation criteria. Assignment: Housing Office; Funding: City Funded Staff; Time: On-going; Projected Units: N/A.

PROGRAM 19 Amend the City Land Use Regulations to establish an overlay zone for emergency shelters. The overlay zone shall identify areas where such facilities may be developed and operated as permitted uses subject to conformance with specified development standards, pertaining to aspects of site development as mentioned below. Assignment: Planning Division; Funding: City Funded Staff; Time: 1992-1993; Projected Units: N/A.

PROGRAM 20 Amend the City Land Use Regulations to stipulate emergency shelter development standards. Development standards should include but not be limited to:

- a. Size of facility
- b. Off-site parking
- c. Security lighting
- d. Proximity to residential zoned property
- e. Concentration of such facility within each overlay area.

Assignment: Planning Division; Funding: City Funded Staff; Time: 1992-1993; Projected Units: N/A.

PROGRAM 21 Amend the City Land Use Regulations to add transitional housing use. This use shall be defined and permitted in the R-3 High Density Residential District and all commercial zones with a conditional use permit. The purpose of this use permit will be to address those criteria and concerns typical of the use permit process without requiring a more rigorous review than for other uses granted by use permit. Assignment: Planning Division; Funding: City Funded Staff; Time: 1992-1993; Projected Units: N/A.

PROGRAM 22 Housing Office shall assist other agencies and/or groups interested in developing emergency shelters or transitional housing facilities and programs. Types of assistance range from funding resources to property evaluation, to assistance with applications to State and Federal Programs. Assignment: Housing Office; Funding: City Funded Staff; Time: On-going; Projected Units: 50.

PROGRAM 23 Provide an inventory of accessible and adaptable units to all agencies assisting the handicap to obtain appropriate housing. The inventory shall be updated and distributed annually and contain the apartment name and address and the number of total accessible and adaptable units. Assignment: Building Division/Planning Division; Funding: City Funded Staff; Time: On-going beginning January, 1992-1993; Projected Units: N/A

PROGRAM 24 The City Housing Office shall assist persons in need of accessible units and/or information on the City's ability to fund rehabilitation of existing units to meet accessibility requirements. This program will help insure that the handicapped accessibility repair program is marketed community wide by working with service agencies and support

groups. Assignment: Building Division/Housing Office; Funding: City Funded Staff/Private Activity Bond Fee; Time: 1992-1993; Projected Units: N/A.

PROGRAM 25 Provide funding assistance to disabled to modify existing units for accessibility through private activity bonds and Community Development Block Grant funds. Assignment: Housing Office; Funding: City Funded Staff/Private Activity Bond Fee; Time: 1992-1993; Projected Units: 30.

PROGRAM 26 Use authority of the City and Butte County Housing Authority for the issuance of revenue bonds for financing residential development projects. Both single and multiple family housing are eligible for such funding. Issuance of bonds for multiple family development should be conditioned upon 20 percent of the units being available to very low income households, or 40 percent to low income households, and first floor units to be handicapped accessible. For the units restricted to very low and low income households, a maximum percentage of income which can be paid in rent shall be established. Assignment: Housing Office; Funding: City Funded Staff; Time: As Federal and State Legislation allows; Projected Units: 200.

PROGRAM 27 Investigate a renter assistance program to assist households which cannot secure rental housing units because they lack ability to accrue required first, last and cleaning deposit funds. Assignment: Non profit; Funding: LMIHF/CDBG; Time: 1992-1993; Projected Units: 50.

GOAL # 5 TO CONSERVE AND UPGRADE THE EXISTING HOUSING STOCK.

OBJECTIVE: (m) Maintain and enhance the character and affordable nature of Chico's older neighborhoods.

OBJECTIVE: (n) Minimize the loss of existing assisted units because of conversion to market rate units or physical deterioration.

OBJECTIVE: (o) Improve the condition of the City's existing housing.

POLICY: 5.1 Seek cooperation from local lending institutions for financing improvements to older structures.

- POLICY: 5.2 The City will continue to be committed to preserve its older neighborhoods through housing rehabilitation, compatible in-fill and redevelopment projects.
- POLICY: 5.3 Endeavor through the development approval process to ensure that community character, housing quality and aesthetics are fostered.
- POLICY: 5.4 Aggressively enforce compliance where code violations exist in residential structures, in order to maintain existing housing stock in a safe and habitable condition.

PROGRAM 28 Continue established policies that require affordability restrictions on assisted housing units and establish policies and procedures to preserve existing assisted units that are not subject to restrictions.

- a. Restriction on the occupancy or sale of residences rehabilitated through Community Development Block Grant program to owner occupants or other lower income households, or require repayment of rehabilitation loans at the time of sale. All such units shall be restricted.
- b. Restriction on the occupancy or sale of residences purchased by households assisted through the MSP Program to owner occupants or other low/moderate income households, or require repayment of MSP loans at the time of sale. All such units shall be restricted.
- c. Restrictions on affordability of rental units assisted by the LMIHF for a minimum of 30 years.
- d. Restrictions on the conversion of multi-family units occupied by elderly households to condominium ownership. Units occupied by elderly households and converted to condominiums will be available to elderly households through a long term lease (5 year minimum), with the total number of units so reserved not required to exceed 20 percent of the units in the project. Relocation assistance shall be provided to all elderly households displaced by the conversion of units to condominium ownership.

Assignment: Housing Office/Planning Division; Funding: City Funded Staff; Time: On-going; Projected Units: N/A.

PROGRAM 29 Maintain a monitoring system and coordinate with the Butte County Housing Authority and local non-profit housing development organizations to preserve assisted housing units that are scheduled to be converted to market rate units in response to the expiration of assisted housing regulatory agreements with State or Federal housing agencies.

Assignment: Housing Office; Funding: LMIHF/ HOME/CDBG; Time: On-going;
Projected Units: 100.

PROGRAM 30 Continue the City's program for rehabilitating substandard owner-occupied residential units occupied by low income households qualifying under Federal guidelines. Assignment: Housing Office; Funding: LMIHF/HOME/CDBG; Time: On-going; Projected Units: 50.

PROGRAM 31 Beginning in 1993 obtain funding through the Home Investment in Affordable Housing (HOME) program and earmark such funds for rehabilitation of rental housing units which will, through agreement with the City, remain affordable to low income households for a minimum of 15 years. Assignment: Housing Office; Funding: LMIHF/HOME/CDBG; Time: 1992-1993; Projected Units: 75.

PROGRAM 32 Establish an on-going program to monitor and inventory housing condition in the Chico Urban Area. Incorporate a parcel-based inventory of housing condition into the development and maintenance of the Master Environmental Assessment and computer geo-base system. Assignment: Building Division/Planning Division/Housing Office; Funding: City Funded Staff; Time: Annually; Projected Units: N/A.

PROGRAM 33 Prepare an annual report to the Planning Commission and City Council by September 1, updating the status of the Housing Condition Survey and Inventory. This report should be prepared and forwarded in conjunction with mandated reporting on the General Plan and Fair Share Housing Allocation Plan. Assignment: Building Division/Planning Division/ Housing Office; Funding: City Funded Staff; Time: Annually; Projected Units: N/A.

PROGRAM 34 Review land use designations throughout the Chico Urban Area, in conjunction with the General Plan update and adopt revisions to the Land Use Map where appropriate. Assignment: Planning Division; Funding: City Funded Staff; Time: 1993-1994; Projected Units: N/A.

PROGRAM 35 Revise existing land use regulations incorporating standards for in-fill development within existing residential neighborhoods, which reduce conflicts resulting from, but not limited

to, setbacks, building height, fencing and landscaping. In-fill standards shall provide for privacy of existing residences, to the extent feasible, through the use of landscape and/or fence screening, setbacks, building height and orientation of structures. The overall intent of the standards shall be to efficiently utilize in-fill parcels consistent with densities permitted by the General Plan while preserving neighborhood character. Assignment: Planning Division; Funding: City Funded Staff; Time: 1993-1994; Projected Units: N/A.

PROGRAM 36 Consider implementing a neighborhood planning program, in conjunction with the General Plan update. This program should identify neighborhoods throughout the Urban Area and establish a schedule for developing neighborhood refinement plans through the involvement of neighborhood planning committees working with planning staff. Assignment: Planning Division; Funding: City Funded Staff; Time: 1992-1993; Projected Units: N/A.

GOAL # 6 TO PROMOTE HOMEOWNERSHIP OPPORTUNITIES FOR ALL ECONOMIC SECTORS OF THE POPULATION.

OBJECTIVE: (p) Encourage the development of affordable housing for first-time homebuyers.

POLICY: 6.1 The City shall continue to allocate resources to assist low and moderate income households become homeowners.

POLICY: 6.2 Assist low and moderate income homeowners transition to a larger or safer unit when rehabilitation of their existing unit is impractical.

POLICY: 6.3 Support programs which enable the elderly to remain in their homes.

POLICY: 6.4 Increase homeownership of housing types other than conventional single family detached residences, such as attached single family units, duplexes, condominiums, second units, manufactured housing and equity cooperatives, by developing land use regulations and financial assistance programs which encourage such development.

PROGRAM 37 Promote homeownership through the Mortgage Subsidy Program for low and moderate income first-time homebuyers. Assignment: Housing Office; Funding: LMIHF; Time: On-going; Projected Units: 75.

- PROGRAM 38** In conjunction with local non-profits, continue to develop local resources and apply for State and Federal funds as appropriate) needed to offer Urban Self-Help program to lower income first-time homebuyers. Assignment: Housing Office/Non profit; Funding: State HCD/CHFA/LMIHF; Time: On-going; Projected Units: 50.
- PROGRAM 39** Assist homeowners who need larger or safer units and rehabilitation of their existing unit is impractical. The homeowner would be considered for a home purchase loan from the City's first time homebuyers program. Assignment: Housing Office; Funding: CDBG/HOME; Time: On-going; Projected Units: 5-10.
- PROGRAM 40** Establish alternative financing options for low/moderate income homebuyers, such as equity sharing by private investors, creation of local community bank and/or local lender fund pooling to reduce risk. Assignment: Housing Office/Local Banks and Savings & Loan; Funding: Private Sector; Time: 1992-1994; Projected Units: N/A (funding to assist other programs).
- PROGRAM 41** Encourage counseling on the responsibility of homeownership and debt management, home loan information and house analysis. Assignment: Local non-profits/Property management organizations; Funding: CDBG/HOME; Time: On-going; Projected Units:N/A.
- PROGRAM 42** Consider a land trust program which combines land banking and improvements as the City's equity share with a local non-profit organization constructing units and/or supervising self-help projects. Land cost and improvements will be discounted to reduce the price of the house and thus buy down payment and mortgage amounts. Assignment: Housing Office/Non profit; Funding: City Funded Staff; Time: On-going; Projected Units: N/A.

GOAL # 7 TO ENCOURAGE THE CONSERVATION OF ENERGY IN ALL RESIDENTIAL DEVELOPMENT.

OBJECTIVE: (q) Reduce long-term housing costs through planning and applying energy conservation measures.

POLICY: 7.1 Increased application of active and passive solar energy systems shall be encouraged in residential development.

POLICY: 7.2 Continue to enforce energy standards required by the State Energy Building Regulations for residential development.

PROGRAM 43 Coordinate with Pacific Gas and Electric Company to ensure that the public is informed of all available programs providing incentives for the installation of energy conserving measures. Assignment: Planning Division/PG&E; Funding: City Funded Staff; Time: On-going; Projected Units: N/A.

PROGRAM 44 Develop informational materials for dissemination to developers and project designers during development review. These materials shall include, but not be limited to, passive solar planning through subdivision, lot and structure orientation; protecting solar access and application of passive and active energy saving features. The City shall also review its land use regulations and subdivision ordinance and where appropriate add provisions which promote and/or require energy conservation planning as a factor of project approval. Assignment: Planning Division; Funding: City Funded Staff; Time: 1993; Projected Units: N/A.

GOAL # 8 **TO ENSURE THE HIGHEST POSSIBLE QUALITY OF LIFE FOR EVERY RESIDENT THROUGH BALANCING AND BLENDING THE NEED FOR SHELTER WITH SENSITIVITY AND RESPECT FOR CHICO'S UNIQUE NATURAL SETTING.**

OBJECTIVE: (r) Encourage residential development which provides quality housing and incorporates good design principles.

OBJECTIVE: (s) Promote new and in-fill housing projects which meet specific housing needs and are design responsive to the site and surrounding built and natural environment.

POLICY: 8.1 Use the City's architectural review process to ensure that medium and high-density in-fill projects are sensitive to the character and appearance of their surroundings.

POLICY: 8.2 Use the Planned Development regulations to refine land use policies and promote design flexibility for residential developments, particularly for those located in unique settings.

- PROGRAM 45 Consider amending the General Plan to include a community design component outlining goals, policies and standards for residential development. This component shall consider pedestrian-oriented residential streets, site design standards which visually reduce the impact of garages and autos, alley access for parking and services, development of smaller residential lots, setback variation, mix of uses including a variety of housing types and densities, street park strips, pedestrian/bicycle linkages to nearby non-residential uses and facilities planned for in the Chico Urban Area Bicycle Plan and other standards deemed relevant. Assignment: Planning Division; Funding: City Funded Staff/Capital Budget; Time: 1992-1993; Projected Units: N/A.
- PROGRAM 46 Complete and publish a Design Review Manual and work with developers, design professionals and the Architectural Review Board to provide clear and consistent application of design guidelines. Assignment: Planning Division; Funding: City Funded Staff; Time: 1994-1995; Projected Units: N/A.
- PROGRAM 47 Prepare and adopt an Open Space and Conservation component to the General Plan. Assignment: Planning Division; Funding: City Funded Staff; Time: 1994-1995; Projected Units: N/A.

4. Program Matrix

Chart 3.2 on the following page provides a matrix showing Housing Element programs adopted by the City to meet housing needs. The matrix lists programs organized by goal, identifies program responsibility, source of funding and time table for implementation.

It should be noted that the units identified in the Program Matrix , reflect construction and rehabilitation of very low and low income housing units. The City's regional fair share of units for moderate and above moderate income households is indicated in Table 3.18b (Page 32) to be 872 and 1,485, respectively, for the fair share period from January 1, 1991 to June 30, 1997. During the five-year period from 1985 to 1990, new construction accounted for a total of 4,348 housing units. Of those units, only 121 were units expressly affordable to very low and low income households. Thus, over 4,000 market-rate housing units were constructed affordable to moderate and above moderate income households. Despite an expected decrease in housing construction during the planning period, the City feels that the total need of 2,357 housing units affordable to moderate and above moderate income households can be met.

Chart 3.3
HOUSING PROGRAM MATRIX

Prog	Program Description	Admin Cost/Yr	City	Funding Sources		New Const		Exist Hshld		Timing
				RDA/LMIHF	Private/ Other Govt	V/L	Low	V/L	Low	
Goal 1										
1-3	Fair Housing	\$5,000	CDBG			NA		NA		Ongoing
Goal 2										
4	Secong Unit Ordiannce	Exist Res	Pln Div		Private	2	3	7	8	92-93/study
5	Small Lot Subdivisions	Exist Res	Pln Div		Private	0	20	NA		92-93/ordinance
6	Implement Density Bonus, Second Unit, & MFG Hsng	Exist Res	Pln/Hsng			NA		NA		92-94/ordinance
7	Resid Des/Density Strnds	Exist Res	Gen Pln			NQ		NQ		92-94
8	SF/Duplex Muni Code Anal	Exist Res	Pln Div		Private	0	20	NA		92-94
9	Land & Developer Status	Exist Res	Pln Div			NA		NA		Annual
10	Zoning/Subdiv Revisions	Exist Res	Pln Div			NA		NA		93-95
11	Increase LMIHF to 30%	N/A	Hsng Off	NQ	NQ	60	40	NA		92-93/study
12	Subsdze Exist Rent Units	Yes/?	Hsng Off	\$200,000		NA		12	8	92-94/study
13	Article 34 Authority	\$5,000	LMIHF			NA		NA		92,94,96
14	Equity Partner with Devel			NQ	NQ	60	40	NQ		Ongoing
Goal 3										
15	Design & Imprv Standards	Exist Res	Pln Div			NQ		NQ		92-93
Goal 4										
16&18	Elderly Rental Units	Exist Res	Hsng Off	\$1,000,000	\$5,000,000	48	32	12	8	Ongoing
17	SRO Units	Exist Res	Hsng Off	\$1,000,000	\$4,000,000	36	24	24	16	Ongoing
19&20	Homeless Siting/Des	Exist Res	Pln Div			NQ		NQ		92-94/ordiance
21	Transitional Siting	Exist Res	Pln Div			NQ		NQ		92-94/ordinance
22	Homeless & Transitional T/A	Exist Res	Hsng Off		\$500,000			30	20	
23-25	Handicapped Unit Conv	Exist Res	Hsng Off		\$30,000	NQ		18	12	92-93/implmnt
26	Mtg Rev Bonds SF/MF	Yes/Fees	Hsng Off		\$16,000,000	120	80			UNKNW
27	At Risk Hshlds-Renters	No	Hsng Off		PRIVATE	NQ		30	20	92-93/study
Goal 5										
28	Preserve City Asstd Units	Exist Res	Hsng Off			NQ		NQ		Ongoing
29	Preserve Noncity Sub Units	Exist Res	Hsng Off			NQ		NQ		Ongoing
30	Owner Rehab	\$25,000	CDBG		\$1,000,000			30	20	Ongoing
31	Rental Rehab	\$10,000	Home		\$875,000			45	30	92-93/implment
32&33	Housing Condition Survey	\$1,000	CDBG			NA		NA		Annual
34	GP Land Use Update	Exist Res	Gen Pln			NA		NA		92-94
35	Resid In-Fill Strndrds	Exist Res	Pln Div			NQ		NA		93-94
36	Neighborhood Plans	Exist Res	Gen Pln			NA		NA		92-93
Goal 6										
37	Mortgage Subsidy Program	\$5,000	Hsng Off	\$1,500,000				45	30	Ongoing
38	Self Help New Const	\$2,500	Hsng Off	\$1,000,000	\$4,500,000	30	20			Ongoing
39	Assist Large Families	Exist Res	Hsng Off	\$100,000				3	2	Ongoing
40	Community Lending Pool	Exist Res	Hsng Off		NQ	NQ		NQ		92-93/establish
41	Homebuyer Counseling	Exist Res	Hsng Off		\$15,000			NQ		92-94/encourage
42	Land Banking	Exist Res	Pln/Bldg			NA		NA		Annual
Goal 7										
43	Energy Conserv Invo	No	PG&E			NA		NA		Ongoing
44	Technical Info	Exist Res	Pln/Bldg			NA		NA		Ongoing
Goal 8										
45	Community Design	Exist Res	Gen Pln			NA		NA		92-93
46	Design Review Manual	Exist Res	Pln Div			NA		NA		94-95
47	Open Space	Exist Res	Pln Dept			NA		NA		94-95
Subtotals		\$53,500		\$4,800,000	\$31,920,000	356	279	256	174	

Exist Res = Program to be implemented by existing staff with current resources

NQ = Not quantifiable

NA = Not applicable

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